

# Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

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*"To build a strong, united community, proud  
of our past and committed to our future"*



## Bourke Shire Council

### General Purpose Financial Statements

for the financial year ended 30 June 2015

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#### Overview

(i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Bourke Shire Council.

(ii) Bourke Shire Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

(iii) All figures presented in these financial statements are presented in Australian Currency.

(iv) These financial statements were authorised for issue by the Council on 23 October 2015. Council has the power to amend and reissue these financial statements.

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## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2015.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

### About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

### More information

A review of Council's financial performance and position for the 14/15 financial year can be found at Note 28 of the financial statements.

## Bourke Shire Council

### General Purpose Financial Statements for the financial year ended 30 June 2015

### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

**The attached General Purpose Financial Statements have been prepared in accordance with:**

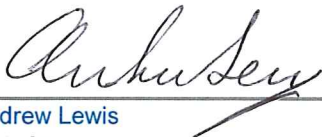
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these Financial Statements:**

- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

**We are not aware of any matter that would render the Reports false or misleading in any way.**

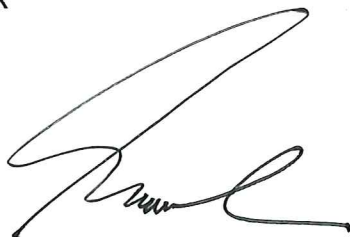
**Signed in accordance with a resolution of Council made on 24 August 2015.**



Andrew Lewis  
MAYOR



Barry Hollman  
COUNCILLOR



Ross Earl  
GENERAL MANAGER



Leonie Brown  
RESPONSIBLE ACCOUNTING OFFICER

## Bourke Shire Council

## Income Statement

for the financial year ended 30 June 2015

| Budget <sup>1</sup><br>2015                | \$ '000  | Notes | Actual<br>2015 | Actual<br>2014     |
|--|--|-------|----------------|--------------------|
| <b>Income from Continuing Operations</b>   |  |       |                |                    |
| <b>Revenue:</b>                            |  |       |                |                    |
| 3,876                                      | Rates & Annual Charges   | 3a    | 3,527          | 3,439              |
| 5,976                                      | User Charges & Fees  | 3b    | 7,090          | 6,827              |
| 315  | Interest & Investment Revenue  | 3c    | 400            | 435                |
| 1,714                                      | Other Revenues   | 3d    | 2,217          | 1,062              |
| 6,019                                      | Grants & Contributions provided for Operating Purposes   | 3e,f  | 7,168          | 5,729 <sup>2</sup> |
| 10,766                                     | Grants & Contributions provided for Capital Purposes   | 3e,f  | 2,174          | 754                |
| <b>28,666</b>                              | <b>Total Income from Continuing Operations</b>   |       | <b>22,576</b>  | <b>18,246</b>      |
| <b>Expenses from Continuing Operations</b> |  |       |                |                    |
| 5,774                                      | Employee Benefits & On-Costs   | 4a    | 6,837          | 6,411              |
| 257  | Borrowing Costs  | 4b    | 262            | 264                |
| 9,643                                      | Materials & Contracts  | 4c    | 6,337          | 6,566              |
| 4,525                                      | Depreciation & Amortisation  | 4d    | 3,946          | 4,458              |
| 666  | Other Expenses   | 4e    | 1,513          | 1,539              |
| -  | Net Losses from the Disposal of Assets   | 5     | 13             | 328                |
| <b>20,865</b>                              | <b>Total Expenses from Continuing Operations</b>   |       | <b>18,908</b>  | <b>19,566</b>      |
| <b>7,801</b>                               | <b>Operating Result from Continuing Operations</b>   |       | <b>3,668</b>   | <b>(1,320)</b>     |
| <b>Discontinued Operations</b>             |  |       |                |                    |
| -  | Net Profit/(Loss) from Discontinued Operations   | 24    | -              | -                  |
| <b>7,801</b>                               | <b>Net Operating Result for the Year</b>   |       | <b>3,668</b>   | <b>(1,320)</b>     |
| 7,801                                      | Net Operating Result attributable to Council   |       | 3,668          | (1,320)            |
| -  | Net Operating Result attributable to Non-controlling Interests   |       | -              | -                  |
| <b>(2,965)</b>                             | <b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b> |       | <b>1,494</b>   | <b>(2,074)</b>     |

<sup>1</sup> Original Budget as approved by Council - refer Note 16

<sup>2</sup> Financial Assistance Grants for 13/14 were lower reflecting one off timing differences due to a change in how the grant was paid in prior years - refer Note 3 (e)

## Bourke Shire Council

Statement of Comprehensive Income  
for the financial year ended 30 June 2015

| \$ '000  | Notes    | Actual<br>2015 | Actual<br>2014 |
|--|----------|----------------|----------------|
| <b>Net Operating Result for the year</b> (as per Income statement)                                       |          | <b>3,668</b>   | <b>(1,320)</b> |
| <b>Other Comprehensive Income:</b>   |          |                |                |
| Amounts which will not be reclassified subsequently to the Operating Result                              |          |                |                |
| Gain (loss) on revaluation of I,PP&E   | 20b (ii) | 12,193         | 491            |
| <b>Total Items which will not be reclassified subsequently to the Operating Result</b>                   |          | <b>12,193</b>  | <b>491</b>     |
| Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met |          |                |                |
| Nil  |          |                |                |
| <b>Total Other Comprehensive Income for the year</b>   |          | <b>12,193</b>  | <b>491</b>     |
| <b>Total Comprehensive Income for the Year</b>   |          | <b>15,861</b>  | <b>(829)</b>   |
| <b>Total Comprehensive Income attributable to Council</b>  |          | 15,861         | (829)          |
| <b>Total Comprehensive Income attributable to Non-controlling Interests</b>                              |          | -              | -              |

## Bourke Shire Council

## Statement of Financial Position

as at 30 June 2015

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                     |       |                |                |
| <b>Current Assets</b>                             |       |                |                |
| Cash & Cash Equivalents                           | 6a    | 5,098          | 5,809          |
| Investments                                       | 6b    | 6,532          | 4,443          |
| Receivables                                       | 7     | 2,471          | 1,942          |
| Inventories                                       | 8     | 73             | 46             |
| Other   | 8     | 31             | 28             |
| Non-current assets classified as "held for sale"  | 22    | -              | -              |
| <b>Total Current Assets</b>                       |       | <b>14,205</b>  | <b>12,268</b>  |
| <b>Non-Current Assets</b>                         |       |                |                |
| Investments                                       | 6b    | -              | -              |
| Receivables                                       | 7     | 81             | 75             |
| Inventories                                       | 8     | -              | -              |
| Infrastructure, Property, Plant & Equipment       | 9     | 224,105        | 208,708        |
| Investments accounted for using the equity method | 19    | -              | -              |
| Investment Property                               | 14    | -              | -              |
| Intangible Assets                                 | 25    | -              | -              |
| <b>Total Non-Current Assets</b>                   |       | <b>224,186</b> | <b>208,783</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>238,391</b> | <b>221,051</b> |
| <b>LIABILITIES</b>                                |       |                |                |
| <b>Current Liabilities</b>                        |       |                |                |
| Payables  | 10    | 2,282          | 1,371          |
| Borrowings  | 10    | 903            | 822            |
| Provisions  | 10    | 2,631          | 2,530          |
| <b>Total Current Liabilities</b>                  |       | <b>5,816</b>   | <b>4,723</b>   |
| <b>Non-Current Liabilities</b>                    |       |                |                |
| Payables  | 10    | -              | -              |
| Borrowings  | 10    | 3,938          | 3,557          |
| Provisions  | 10    | 81             | 76             |
| <b>Total Non-Current Liabilities</b>              |       | <b>4,019</b>   | <b>3,633</b>   |
| <b>TOTAL LIABILITIES</b>                          |       | <b>9,835</b>   | <b>8,356</b>   |
| <b>Net Assets</b>                                 |       | <b>228,556</b> | <b>212,695</b> |
| <b>EQUITY</b>                                     |       |                |                |
| Retained Earnings                                 | 20    | 120,525        | 116,857        |
| Revaluation Reserves                              | 20    | 108,031        | 95,838         |
| Council Equity Interest                           |       | 228,556        | 212,695        |
| Non-controlling Equity Interests                  |       | -              | -              |
| <b>Total Equity</b>                               |       | <b>228,556</b> | <b>212,695</b> |

## Bourke Shire Council

Statement of Changes in Equity  
for the financial year ended 30 June 2015

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| <b>2015</b>  |          |                      |                         |                     |                                 |                 |
| <b>Opening Balance</b> (as per Last Year's Audited Accounts)       |          | 116,320              | 95,838                  | <b>212,158</b>      | -                               | <b>212,158</b>  |
| a. Correction of Prior Period Errors                               | 20 (c)   | 537                  | -                       | <b>537</b>          | -                               | <b>537</b>      |
| b. Changes in Accounting Policies (prior year effects)             | 20 (d)   | -                    | -                       | -                   | -                               | -               |
| <b>Revised Opening Balance (as at 1/7/14)</b>                      |          | <b>116,857</b>       | <b>95,838</b>           | <b>212,695</b>      | -                               | <b>212,695</b>  |
| <b>c. Net Operating Result for the Year</b>                        |          | <b>3,668</b>         | -                       | <b>3,668</b>        | -                               | <b>3,668</b>    |
| <b>d. Other Comprehensive Income</b>                               |          |                      |                         |                     |                                 |                 |
| - Revaluations : IPP&E Asset Revaluation Rsv                       | 20b (ii) | -                    | 12,193                  | <b>12,193</b>       | -                               | <b>12,193</b>   |
| - Revaluations: Other Reserves                                     | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| - Transfers to Income Statement                                    | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| - Impairment (loss) reversal relating to I,PP&E                    | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| <b>Other Comprehensive Income</b>                                  |          | -                    | <b>12,193</b>           | <b>12,193</b>       | -                               | <b>12,193</b>   |
| <b>Total Comprehensive Income (c&amp;d)</b>                        |          | <b>3,668</b>         | <b>12,193</b>           | <b>15,861</b>       | -                               | <b>15,861</b>   |
| e. Distributions to/(Contributions from) Non-controlling Interests |          | -                    | -                       | -                   | -                               | -               |
| f. Transfers between Equity  |          | -                    | -                       | -                   | -                               | -               |
| <b>Equity - Balance at end of the reporting period</b>             |          | <b>120,525</b>       | <b>108,031</b>          | <b>228,556</b>      | -                               | <b>228,556</b>  |

| \$ '000  | Notes    | Retained<br>Earnings | Reserves<br>(Refer 20b) | Council<br>Interest | Non-<br>controlling<br>Interest | Total<br>Equity |
|--|----------|----------------------|-------------------------|---------------------|---------------------------------|-----------------|
| <b>2014</b>  |          |                      |                         |                     |                                 |                 |
| <b>Opening Balance</b> (as per Last Year's Audited Accounts)       |          | 117,640              | 95,347                  | <b>212,987</b>      | -                               | <b>212,987</b>  |
| a. Correction of Prior Period Errors                               | 20 (c)   | 537                  | -                       | <b>537</b>          | -                               | <b>537</b>      |
| b. Changes in Accounting Policies (prior year effects)             | 20 (d)   | -                    | -                       | -                   | -                               | -               |
| <b>Revised Opening Balance (as at 1/7/13)</b>                      |          | <b>118,177</b>       | <b>95,347</b>           | <b>213,524</b>      | -                               | <b>213,524</b>  |
| <b>c. Net Operating Result for the Year</b>                        |          | (1,320)              | -                       | <b>(1,320)</b>      | -                               | <b>(1,320)</b>  |
| <b>d. Other Comprehensive Income</b>                               |          |                      |                         |                     |                                 |                 |
| - Revaluations : IPP&E Asset Revaluation Rsv                       | 20b (ii) | -                    | 491                     | <b>491</b>          | -                               | <b>491</b>      |
| - Revaluations: Other Reserves                                     | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| - Transfers to Income Statement                                    | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| - Impairment (loss) reversal relating to I,PP&E                    | 20b (ii) | -                    | -                       | -                   | -                               | -               |
| <b>Other Comprehensive Income</b>                                  |          | -                    | <b>491</b>              | <b>491</b>          | -                               | <b>491</b>      |
| <b>Total Comprehensive Income (c&amp;d)</b>                        |          | <b>(1,320)</b>       | <b>491</b>              | <b>(829)</b>        | -                               | <b>(829)</b>    |
| e. Distributions to/(Contributions from) Non-controlling Interests |          | -                    | -                       | -                   | -                               | -               |
| f. Transfers between Equity  |          | -                    | -                       | -                   | -                               | -               |
| <b>Equity - Balance at end of the reporting period</b>             |          | <b>116,857</b>       | <b>95,838</b>           | <b>212,695</b>      | -                               | <b>212,695</b>  |



## Bourke Shire Council

## Statement of Cash Flows

for the financial year ended 30 June 2015

| Budget<br>2015  | \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|---|-------|----------------|----------------|
| <b>Cash Flows from Operating Activities</b>           |   |       |                |                |
| <b>Receipts:</b>                                      |   |       |                |                |
| 3,876   | Rates & Annual Charges  |       | 3,392          | 3,453          |
| 5,976   | User Charges & Fees   |       | 7,048          | 6,446          |
| 315   | Investment & Interest Revenue Received                        |       | 375            | 451            |
| 16,785  | Grants & Contributions  |       | 8,988          | 6,463          |
| -   | Bonds, Deposits & Retention amounts received                  |       | 58             | 14             |
| 1,714   | Other   |       | 2,236          | 1,157          |
| <b>Payments:</b>                                      |   |       |                |                |
| (5,774)   | Employee Benefits & On-Costs                                  |       | (6,711)        | (6,241)        |
| (9,643)   | Materials & Contracts   |       | (5,471)        | (6,585)        |
| (257)   | Borrowing Costs   |       | (264)          | (266)          |
| -   | Bonds, Deposits & Retention amounts refunded                  |       | (57)           | (10)           |
| (666)   | Other   |       | (1,516)        | (1,381)        |
| <b>12,326</b>   | <b>Net Cash provided (or used in) Operating Activities</b>    | 11b   | <b>8,078</b>   | <b>3,501</b>   |
| <b>Cash Flows from Investing Activities</b>           |   |       |                |                |
| <b>Receipts:</b>                                      |   |       |                |                |
| -   | Sale of Investment Securities                                 |       | 5,641          | 4,319          |
| -   | Sale of Infrastructure, Property, Plant & Equipment           |       | 275            | 336            |
| <b>Payments:</b>                                      |   |       |                |                |
| -   | Purchase of Investment Securities                             |       | (7,730)        | (4,200)        |
| (14,516)  | Purchase of Infrastructure, Property, Plant & Equipment       |       | (7,437)        | (4,754)        |
| <b>(14,516)</b>                                       | <b>Net Cash provided (or used in) Investing Activities</b>    |       | <b>(9,251)</b> | <b>(4,299)</b> |
| <b>Cash Flows from Financing Activities</b>           |   |       |                |                |
| <b>Receipts:</b>                                      |   |       |                |                |
| 1,578   | Proceeds from Borrowings & Advances                           |       | 1,278          | 965            |
| <b>Payments:</b>                                      |   |       |                |                |
| (818)   | Repayment of Borrowings & Advances                            |       | (816)          | (687)          |
| <b>760</b>  | <b>Net Cash Flow provided (used in) Financing Activities</b>  |       | <b>462</b>     | <b>278</b>     |
| <b>(1,430)</b>  | <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> |       | <b>(711)</b>   | <b>(520)</b>   |
| 5,809   | plus: Cash & Cash Equivalents - beginning of year             | 11a   | 5,809          | 6,329          |
| <b>4,379</b>  | <b>Cash &amp; Cash Equivalents - end of the year</b>          | 11a   | <b>5,098</b>   | <b>5,809</b>   |
| Additional Information:                               |   |       |                |                |
|   | plus: Investments on hand - end of year                       | 6b    | 6,532          | 4,443          |
| <b>Total Cash, Cash Equivalents &amp; Investments</b> |   |       | <b>11,630</b>  | <b>10,252</b>  |

**Please refer to Note 11 for information on the following:**

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

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n/a - not applicable

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) & Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act (LGA), Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with AASBs.

###### (iii) New and amended standards adopted by Council

During the current year, the following relevant accounting standards became mandatory and have been adopted by Council:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosures of Interests in Other Entities

AASB 10 introduced a new definition of control based on the substance of the relationship and required Councils to consider their involvement with other entities regardless of whether there was a financial interest.

AASB 11 classified joint arrangements into either joint ventures (equity accounting) or joint operations (accounting for share of assets and liabilities).

AASB 12 has increased the level of disclosures required where Council has any interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

###### (v) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Infrastructure, Property, Plant & Equipment and

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

##### **(vi) Changes in Accounting Policies**

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 20(d)].

##### **(vii) Critical Accounting Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

##### ***Critical accounting estimates and assumptions***

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of infrastructure, property, plant and equipment.

##### ***Critical judgements in applying Council's accounting policies***

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

##### **(b) Revenue recognition**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, **(i)** it is probable that the economic benefits comprising the contribution will flow to the Council and **(ii)** the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required but the Council may apply contributions according to the priorities established in work schedules.

A detailed Note relating to developer contributions can be found at Note 17.

#### User Charges, Fees and Other Income

User charges, fees and other income (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Interest and Rents

Rental income is accounted for on a straight-line basis over the lease term.

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

#### Dividend Income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Other Income

Other income is recorded when the payment is due, the value of the payment is notified or the payment is received, whichever occurs first.

#### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30 June 2015) and **(ii)** all the related operating results (for the financial year ended the 30th June 2015).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

#### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General Purpose Operations
- Bourke Shire Council Water Supply Fund
- Bourke Shire Council Sewerage Service Fund

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these statements.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these statements.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

##### (iii) Joint Arrangements

Council has no interest in any Joint Arrangements.

##### (iv) Associates

Where Council has the power to participate in the financial and operating decisions of another entity, (ie. where Council is deemed to have "significant influence" over another entities operations but neither controls nor jointly controls the entity), then Council accounts for such interests using the equity method of accounting – in a similar fashion to Joint Ventures.

Such entities are usually termed Associates.

Any interests in Associates are accounted for using the equity method and are carried at cost.

##### (v) County Councils

Council is not a member of any County Councils.

##### (d) Leases

Council has no Finance or Operating Leases

##### (e) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

##### (f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- **financial assets at fair value through profit or loss**,
- **loans and receivables**,
- **held-to-maturity investments**, and
- **available-for-sale financial assets**.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

##### (ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council’s management has the positive intention and ability to hold to maturity.

In contrast to the “Loans & Receivables” classification, these investments are generally quoted in an active market.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

##### Financial Assets – Reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

##### General Accounting & Measurement of Financial Instruments:

###### (i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at “fair value through profit or loss”, directly attributable transactions costs

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

##### (ii) Subsequent Measurement

**Available-for-sale financial assets and financial assets at fair value through profit and loss** are subsequently carried at fair value.

**Loans and receivables and held-to-maturity** investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "**fair value through profit or loss**" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as "**available-for-sale**" are recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as "**available-for-sale**" are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

##### Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### (iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (g) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.



## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

#### **(h) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

#### **(i) Inventories**

##### **Raw Materials and Stores, Work in Progress and Finished Goods**

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

##### **Land Held for Resale/Capitalisation of Borrowing Costs**

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### **(j) Infrastructure, Property, Plant and Equipment (I,PP&E)**

###### **Acquisition of assets**

Council's non current assets are continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(External Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment**  
(as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(External Valuation)
- **Drainage Assets** (External Valuation)
- **Bulk Earthworks** (External Valuation)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(as approximated by depreciated historical cost)
- **Other Assets**  
(as approximated by depreciated historical cost)

###### **Initial Recognition**

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

###### **Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

###### **Asset Revaluations (including Indexation)**

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water - Rates Reference Manual.

For all other assets, Council assesses at each reporting date whether there is any indication that a

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

#### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

##### Land

|  |                  |
|--|------------------|
| - council land                               | 100% Capitalised |
| - open space                                 | 100% Capitalised |
| - land under roads (purchases after 30/6/08) | 100% Capitalised |

##### Plant & Equipment

|                         |           |
|-------------------------|-----------|
| Office Furniture        | > \$1,000 |
| Office Equipment        | > \$1,000 |
| Other Plant & Equipment | > \$1,000 |

##### Buildings & Land Improvements

|                            |           |
|----------------------------|-----------|
| Park Furniture & Equipment | > \$2,000 |
|----------------------------|-----------|

##### Building

|                           |                  |
|---------------------------|------------------|
| - construction/extensions | 100% Capitalised |
| - renovations             | > \$10,000       |

|                  |           |
|------------------|-----------|
| Other Structures | > \$2,000 |
|------------------|-----------|

##### Water & Sewer Assets

|                         |           |
|-------------------------|-----------|
| Reticulation extensions | > \$5,000 |
| Other                   | > \$5,000 |

##### Stormwater Assets

|                   |           |
|-------------------|-----------|
| Drains & Culverts | > \$5,000 |
| Other             | > \$5,000 |

##### Transport Assets

|                                    |            |
|------------------------------------|------------|
| Road construction & reconstruction | > \$10,000 |
| Reseal/Re-sheet & major repairs:   | > \$10,000 |

|                                      |            |
|--------------------------------------|------------|
| Bridge construction & reconstruction | > \$10,000 |
|--------------------------------------|------------|

##### Other Infrastructure Assets

|                                      |            |
|--------------------------------------|------------|
| Swimming Pools                       | > \$10,000 |
| Other Open Space/Recreational Assets | > \$10,000 |

#### Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

##### Plant & Equipment

|                                  |                |
|----------------------------------|----------------|
| - Office Equipment               | 5 to 10 years  |
| - Office furniture               | 10 to 20 years |
| - Computer Equipment             | 4 years        |
| - Vehicles                       | 5 to 8 years   |
| - Heavy Plant/Road Making equip. | 5 to 8 years   |
| - Other plant and equipment      | 5 to 15 years  |

##### Other Equipment

|                        |                |
|------------------------|----------------|
| - Playground equipment | 5 to 25 years  |
| - Benches, seats etc   | 10 to 30 years |

##### Buildings

|                       |                 |
|-----------------------|-----------------|
| - Buildings : Masonry | 50 to 100 years |
| - Buildings : Other   | 20 to 40 years  |

##### Stormwater Drainage

|            |                 |
|------------|-----------------|
| - Drains   | 80 to 100 years |
| - Culverts | 50 to 80 years  |

##### Transportation Assets

|                            |                |
|----------------------------|----------------|
| - Sealed Roads : Surface   | 20 years       |
| - Sealed Roads : Structure | 10 to 50 years |
| - Unsealed roads           | 20 years       |
| - Bridge : Concrete        | 100 years      |
| - Bridge : Other           | 100 years      |

|                        |                |
|------------------------|----------------|
| - Road Pavements       | 60 years       |
| - Kerb, Gutter & Paths | 35 to 75 years |

##### Water & Sewer Assets

|                       |                 |
|-----------------------|-----------------|
| - Dams and reservoirs | 25 to 100 years |
| - Bores               | 20 to 40 years  |

|                              |                |
|------------------------------|----------------|
| - Reticulation pipes : PVC   | 70 to 80 years |
| - Reticulation pipes : Other | 25 to 80 years |
| - Pumps and telemetry        | 10 to 50 years |

|  |                |
|--|----------------|
| - Swimming Pools                           | 50 years       |
| - Other Open Space/<br>Recreational Assets | 20 to 50 years |

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(s) on Asset Impairment.

##### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

##### (k) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

##### (l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 – Property, Plant and Equipment.

##### (m) Intangible Assets

Council has not classified any assets as Intangible.

##### (n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating the reserves are recognised within Council's Income Statement.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

##### (o) Rural Fire Service assets

Under section 119 of the Rural Fires Act 1997, "*all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed*".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

##### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Council has no Investment Properties

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### **(q) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations**

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets in the balance sheet.

A Discontinued Operation is a component of Council that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

##### **(r) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill & other Intangible Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment.

##### **(s) Payables**

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### **(t) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### **(u) Borrowing costs**

Borrowing costs are expensed

##### **(v) Provisions**

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

##### **(w) Employee benefits**

###### **(i) Short Term Obligations**

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

###### **(ii) Other Long Term Obligations**

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

##### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20/02/2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2015 was \$246,281.80.

The amount of additional contributions included in the total employer contribution advised above is \$76,496.04

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$181,942.94 as at 30 June 2015.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

Council has, however, disclosed a contingent liability in Note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

##### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

##### (iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/15.

##### (x) Self insurance

Council does not self insure.

##### (y) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

##### Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

##### (z) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

##### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

##### (aa) New accounting standards and interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2015.

**Council has not adopted any of these standards early.**

##### (ab) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.



## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 1. Summary of Significant Accounting Policies

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##### **(ac) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### **(ad) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 2(a). Council Functions / Activities - Financial Information

| Functions/Activities   | Income, Expenses and Assets have been directly attributed to the following Functions / Activities.<br>Details of these Functions/Activities are provided in Note 2(b). |               |               |                                     |               |               |   |                |                |  |              |   |                |
|--|--|---------------|---------------|-------------------------------------|---------------|---------------|---|----------------|----------------|--|--------------|---|----------------|
|  | Income from Continuing Operations  |               |               | Expenses from Continuing Operations |               |               | Operating Result from Continuing Operations |                |                | Grants included in Income from Continuing Operations |              | Total Assets held (Current & Non-current) |                |
|  | Original Budget  | Actual        | Actual        | Original Budget                     | Actual        | Actual        | Original Budget                             | Actual         | Actual         | Actual   | Actual       | Actual                                    | Actual         |
|  | 2015   | 2015          | 2014          | 2015                                | 2015          | 2014          | 2015  | 2015           | 2014           | 2015   | 2014         | 2015                                      | 2014           |
| Governance   | -  | -             | -             | 176                                 | 218           | 215           | (176)                                       | (218)          | (215)          | -  | -            | 1,015                                     | 538            |
| Administration   | 1,081  | 1,375         | 1,199         | 2,442                               | 1,043         | 2,163         | (1,361)                                     | 332            | (964)          | 23   | 14           | 22,060                                    | 17,998         |
| Public Order & Safety  | 286  | 363           | 308           | 605                                 | 524           | 573           | (319)                                       | (161)          | (265)          | 3  | -            | 1,641                                     | 1,650          |
| Health   | 103  | 86            | 44            | 485                                 | 651           | 539           | (382)                                       | (565)          | (495)          | 117  | 58           | 1,361                                     | 1,369          |
| Environment  | 713  | 764           | 651           | 870                                 | 1,085         | 1,020         | (157)                                       | (321)          | (369)          | 40   | -            | -   | -              |
| Community Services & Education   | 1  | 1             | 46            | 32                                  | 25            | 46            | (31)  | (24)           | -              | 1  | 1            | 2,670                                     | 2,593          |
| Housing & Community Amenities  | 337  | 211           | 145           | 1,123                               | 723           | 667           | (786)                                       | (512)          | (522)          | 9  | 26           | 15,506                                    | 15,617         |
| Water Supplies   | 4,454  | 2,681         | 1,744         | 1,812                               | 1,829         | 1,759         | 2,642                                       | 852            | (15)           | 647  | 6            | 10,659                                    | 10,816         |
| Sewerage Services  | 926  | 831           | 778           | 945                                 | 748           | 622           | (19)  | 83             | 156            | 5  | 5            | 7,798                                     | 7,842          |
| Recreation & Culture   | 4,551  | 40            | 23            | 1,588                               | 1,142         | 1,603         | 2,963                                       | (1,102)        | (1,580)        | 26   | 27           | 11,398                                    | 11,122         |
| Mining, Manufacturing & Construction   | 13   | 19            | 13            | -                                   | -             | -             | 13  | 19             | 13             | -  | -            | -   | -              |
| Transport & Communication  | 9,404  | 9,210         | 8,852         | 9,009                               | 9,555         | 9,213         | 395   | (345)          | (361)          | 1,435  | 1,747        | 156,649                                   | 143,803        |
| Economic Affairs   | 847  | 484           | 343           | 1,778                               | 1,365         | 1,146         | (931)                                       | (881)          | (803)          | 3  | -            | 7,634                                     | 7,703          |
| <b>Total Functions &amp; Activities</b>  | <b>22,716</b>  | <b>16,065</b> | <b>14,146</b> | <b>20,865</b>                       | <b>18,908</b> | <b>19,566</b> | <b>1,851</b>                                | <b>(2,843)</b> | <b>(5,420)</b> | <b>2,309</b>   | <b>1,884</b> | <b>238,391</b>                            | <b>221,051</b> |
| Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method) | -  | -             | -             | -                                   | -             | -             | -   | -              | -              | -  | -            | -   | -              |
| General Purpose Income <sup>1</sup>  | 5,950  | 6,511         | 4,100         | -                                   | -             | -             | 5,950                                       | 6,511          | 4,100          | 4,787  | 2,392        | -   | -              |
| <b>Operating Result from Continuing Operations</b>                               | <b>28,666</b>  | <b>22,576</b> | <b>18,246</b> | <b>20,865</b>                       | <b>18,908</b> | <b>19,566</b> | <b>7,801</b>                                | <b>3,668</b>   | <b>(1,320)</b> | <b>7,096</b>   | <b>4,276</b> | <b>238,391</b>                            | <b>221,051</b> |

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

### Note 2(b). Council Functions / Activities - Component Descriptions

**Details relating to the Council's functions / activities as reported in Note 2(a) are as follows:**

#### **GOVERNANCE**

Costs relating to the Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance.

#### **ADMINISTRATION**

Corporate Support and Other Support Services (not otherwise attributed to the listed functions / activities).

#### **PUBLIC ORDER & SAFETY**

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

#### **HEALTH**

Inspection, immunisations, food control, health centres, other, administration.

#### **ENVIRONMENT**

Noxious plants and insect/vermin control, other environmental protection, solid waste management, street cleaning, drainage, stormwater management.

#### **COMMUNITY SERVICES & EDUCATION**

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

#### **HOUSING & COMMUNITY AMENITIES**

Housing, town planning, street lighting, other sanitation and garbage, public cemeteries, public conveniences,

#### **WATER SUPPLIES**

#### **SEWERAGE SERVICES**

#### **RECREATION & CULTURE**

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

#### **MINING, MANUFACTURING & CONSTRUCTION**

Building control, abattoirs, quarries & pits, other.

#### **TRANSPORT & COMMUNICATION**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, other.

#### **ECONOMIC AFFAIRS**

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, commercial nurseries, other business undertakings.

## Bourke Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(a) Rates &amp; Annual Charges</b>                                    |       |                |                |
| <b>Ordinary Rates</b>  |       |                |                |
| Residential  |       | 354            | 358            |
| Farmland   |       | 1,027          | 1,003          |
| Business   |       | 105            | 104            |
| <b>Total Ordinary Rates</b>  |       | <b>1,486</b>   | <b>1,465</b>   |
| <b>Special Rates</b>   |       |                |                |
| Nil  |       |                |                |
| <b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611) |       |                |                |
| Domestic Waste Management Services                                       |       | 255            | 242            |
| Water Supply Services  |       | 808            | 787            |
| Sewerage Services  |       | 709            | 690            |
| Drainage   |       | 146            | 139            |
| Waste Management Services (non-domestic)                                 |       | 123            | 116            |
| <b>Total Annual Charges</b>  |       | <b>2,041</b>   | <b>1,974</b>   |
| <b>TOTAL RATES &amp; ANNUAL CHARGES</b>                                  |       | <b>3,527</b>   | <b>3,439</b>   |

Council has used 2011 year valuations provided by the NSW Valuer General in calculating its rates.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(b) User Charges &amp; Fees</b>   |       |                |                |
| <b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)         |       |                |                |
| Water Supply Services  |       | 664            | 738            |
| Sewerage Services  |       | 2              | 1              |
| Waste Management Services (non-domestic)   |       | 58             | 61             |
| <b>Total User Charges</b>  |       | <b>724</b>     | <b>800</b>     |
| <b>Other User Charges &amp; Fees</b>   |       |                |                |
| <b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608) |       |                |                |
| Planning & Building Regulation   |       | 47             | 50             |
| Private Works - Section 67   |       | 247            | 569            |
| Registration Fees  |       | 10             | 8              |
| <b>Total Fees &amp; Charges - Statutory/Regulatory</b>                           |       | <b>304</b>     | <b>627</b>     |
| <b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)  |       |                |                |
| Aerodrome  |       | 5              | 4              |
| Cemeteries   |       | 22             | 22             |
| RMS (formerly RTA) Charges (State Roads not controlled by Council)               |       | 5,906          | 5,260          |
| Saleyards  |       | 5              | 2              |
| Water Connection Fees  |       | 14             | 8              |
| Other  |       | 110            | 104            |
| <b>Total Fees &amp; Charges - Other</b>  |       | <b>6,062</b>   | <b>5,400</b>   |
| <b>TOTAL USER CHARGES &amp; FEES</b>   |       | <b>7,090</b>   | <b>6,827</b>   |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(c) Interest &amp; Investment Revenue (incl. losses)</b>                |       |                |                |
| <b>Interest &amp; Dividends</b>  |       |                |                |
| - Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates) |       | 61             | 65             |
| - Interest earned on Investments (interest & coupon payment income)        |       | 339            | 370            |
| <b>TOTAL INTEREST &amp; INVESTMENT REVENUE</b>                             |       | <b>400</b>     | <b>435</b>     |
| <b>Interest Revenue is attributable to:</b>                                |       |                |                |
| <b>Unrestricted Investments/Financial Assets:</b>                          |       |                |                |
| Overdue Rates & Annual Charges (General Fund)                              |       | 46             | 52             |
| General Council Cash & Investments   |       | 192            | 191            |
| <b>Restricted Investments/Funds - External:</b>                            |       |                |                |
| Water Fund Operations  |       | 96             | 111            |
| Sewerage Fund Operations   |       | 66             | 81             |
| <b>Total Interest &amp; Investment Revenue Recognised</b>                  |       | <b>400</b>     | <b>435</b>     |
| <b>(d) Other Revenues</b>  |       |                |                |
| Rental Income - Other Council Properties                                   |       | 174            | 130            |
| Fines  |       | 1              | 1              |
| Legal Fees Recovery - Rates & Charges (Extra Charges)                      |       | 24             | 31             |
| Back O'Bourke Centre   |       | 424            | 362            |
| Commissions & Agency Fees  |       | 92             | 88             |
| Contract Works   |       | -              | 2              |
| Diesel Rebate  |       | 90             | 117            |
| Insurance Claim Recoveries   |       | 1,024          | 96             |
| Jandra Boat  |       | 42             | 46             |
| Recycling Income (non domestic)  |       | 8              | 29             |
| Aboriginal Communities Program   |       | 315            | -              |
| Other  |       | 23             | 160            |
| <b>TOTAL OTHER REVENUE</b>   |       | <b>2,217</b>   | <b>1,062</b>   |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

| \$ '000   | 2015<br>Operating | 2014<br>Operating | 2015<br>Capital | 2014<br>Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>(e) Grants</b>                               |                   |                   |                 |                 |
| <b>General Purpose (Untied)</b>                 |                   |                   |                 |                 |
| Financial Assistance - General Component        | 1 2,995           | 1,507             | -               | -               |
| Financial Assistance - Local Roads Component    | 1 1,783           | 876               | -               | -               |
| Pensioners' Rates Subsidies - General Component | 9                 | 9                 | -               | -               |
| <b>Total General Purpose</b>                    | <b>4,787</b>      | <b>2,392</b>      | <b>-</b>        | <b>-</b>        |

<sup>1</sup> The Financial Assistance Grant for the comparative 13/14 year reflects a one off timing difference (reduction). This grant ceased being paid in advance in the 13/14 year by up to 50% as had occurred in previous years.

**Specific Purpose**

## Pensioners' Rates Subsidies:

|   |              |              |              |            |
|---|--------------|--------------|--------------|------------|
| - Water                                   | 6            | 6            | -            | -          |
| - Sewerage                                | 5            | 5            | -            | -          |
| - Domestic Waste Management               | 6            | 5            | -            | -          |
| - Urban Drainage                          | 3            | 3            | -            | -          |
| Water Supplies                            | -            | -            | 641          | -          |
| Community Development                     | -            | -            | -            | 18         |
| Economic Development                      | 3            | -            | -            | -          |
| Employment & Training Programs            | 23           | 13           | -            | -          |
| Environmental Protection                  | 40           | -            | -            | -          |
| Health                                    | 58           | -            | -            | -          |
| Heritage & Cultural                       | 4            | 5            | -            | -          |
| Library                                   | 22           | 22           | -            | -          |
| Noxious Weeds                             | 59           | 58           | -            | -          |
| Street Lighting                           | 32           | 21           | -            | -          |
| Transport (Roads to Recovery)             | 1,003        | 985          | -            | -          |
| Transport (Other Roads & Bridges Funding) | -            | 6            | 400          | 735        |
| Youth Services                            | 1            | 1            | -            | -          |
| Public Order and Safety                   | 3            | -            | -            | -          |
| Other                                     | -            | -            | -            | 1          |
| <b>Total Specific Purpose</b>             | <b>1,268</b> | <b>1,130</b> | <b>1,041</b> | <b>754</b> |
| <b>Total Grants</b>                       | <b>6,055</b> | <b>3,522</b> | <b>1,041</b> | <b>754</b> |

**Grant Revenue is attributable to:**

|                        |              |              |              |            |
|------------------------|--------------|--------------|--------------|------------|
| - Commonwealth Funding | 5,781        | 3,376        | -            | -          |
| - State Funding        | 243          | 127          | 1,041        | 754        |
| - Other Funding        | 31           | 19           | -            | -          |
|                        | <b>6,055</b> | <b>3,522</b> | <b>1,041</b> | <b>754</b> |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 3. Income from Continuing Operations (continued)

| \$ '000  | 2015<br>Operating | 2014<br>Operating | 2015<br>Capital | 2014<br>Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| <b>(f) Contributions</b>                               |                   |                   |                 |                 |
| <b>Developer Contributions:</b>                        |                   |                   |                 |                 |
| <b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b> |                   |                   |                 |                 |
| Nil  |                   |                   |                 |                 |
| <b>Other Contributions:</b>                            |                   |                   |                 |                 |
| Bushfire Services                                      | 252               | 300               | -               | -               |
| Community Development                                  | -                 | 45                | -               | -               |
| RMS Contributions (Regional Roads, Block Grant)        | 763               | 1,862             | 1,133           | -               |
| Other Capital Contribution                             | 98                | -                 | -               | -               |
| <b>Total Other Contributions</b>                       | <b>1,113</b>      | <b>2,207</b>      | <b>1,133</b>    | <b>-</b>        |
| <b>Total Contributions</b>                             | <b>1,113</b>      | <b>2,207</b>      | <b>1,133</b>    | <b>-</b>        |
| <b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>                | <b>7,168</b>      | <b>5,729</b>      | <b>2,174</b>    | <b>754</b>      |

| \$ '000  | Actual<br>2015 | Actual<br>2014 |
|--|----------------|----------------|
| <b>(g) Restrictions relating to Grants and Contributions</b>   |                |                |
| <b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b> |                |                |
| Unexpended at the Close of the Previous Reporting Period   | 315            | 535            |
| <b>add:</b> Grants & contributions recognised in the current period but not yet spent:                                   | 64             | 68             |
| <b>less:</b> Grants & contributions recognised in a previous reporting period now spent:                                 | (188)          | (288)          |
| <b>Net Increase (Decrease) in Restricted Assets during the Period</b>  | <b>(124)</b>   | <b>(220)</b>   |
| <b>Unexpended and held as Restricted Assets</b>  | <b>191</b>     | <b>315</b>     |
| <b>Comprising:</b>   |                |                |
| - Specific Purpose Unexpended Grants   | 191            | 280            |
| - Other Contributions  | -              | 35             |
|  | <b>191</b>     | <b>315</b>     |



## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(a) Employee Benefits &amp; On-Costs</b>                              |       |                |                |
| Salaries and Wages   |       | 4,923          | 4,667          |
| Travelling   |       | 186            | 203            |
| Employee Leave Entitlements (ELE)  |       | 1,163          | 1,008          |
| Superannuation   |       | 596            | 613            |
| Workers' Compensation Insurance  |       | 139            | 141            |
| Fringe Benefit Tax (FBT)   |       | 27             | 35             |
| Training Costs (other than Salaries & Wages)                             |       | 169            | 175            |
| Sick Leave Insurance   |       | 13             | 13             |
| Protective Clothing  |       | -              | 28             |
| Other  |       | 44             | 43             |
| <b>Total Employee Costs</b>  |       | <b>7,260</b>   | <b>6,926</b>   |
| less: Capitalised Costs  |       | (423)          | (515)          |
| <b>TOTAL EMPLOYEE COSTS EXPENSED</b>                                     |       | <b>6,837</b>   | <b>6,411</b>   |
| Number of "Equivalent Full Time" Employees at year end                   |       | <b>81</b>      | <b>74</b>      |
| Number of "Equivalent Full Time" Employees at year end (incl. vacancies) |       | <b>85</b>      | <b>85</b>      |
| <b>(b) Borrowing Costs</b>   |       |                |                |
| <b>(i) Interest Bearing Liability Costs</b>                              |       |                |                |
| Interest on Loans  |       | 262            | 264            |
| <b>Total Interest Bearing Liability Costs Expensed</b>                   |       | <b>262</b>     | <b>264</b>     |
| <b>(ii) Other Borrowing Costs</b>  |       |                |                |
| Nil  |       |                |                |
| <b>TOTAL BORROWING COSTS EXPENSED</b>                                    |       | <b>262</b>     | <b>264</b>     |
| <b>(c) Materials &amp; Contracts</b>                                     |       |                |                |
| Raw Materials & Consumables  |       | 9,845          | 9,990          |
| Contractor & Consultancy Costs   |       | 219            | 249            |
| Auditors Remuneration <sup>(1)</sup>                                     |       | 40             | 42             |
| Legal Expenses:  |       |                |                |
| - Legal Expenses: Planning & Development                                 |       | -              | 3              |
| - Legal Expenses: Other  |       | 24             | 54             |
| <b>Total Materials &amp; Contracts</b>                                   |       | <b>10,128</b>  | <b>10,338</b>  |
| less: Capitalised Costs  |       | (3,791)        | (3,772)        |
| <b>TOTAL MATERIALS &amp; CONTRACTS</b>                                   |       | <b>6,337</b>   | <b>6,566</b>   |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 4. Expenses from Continuing Operations (continued)

| \$ '000 | Notes | Actual<br>2015 | Actual<br>2014 |
|---------|-------|----------------|----------------|
|---------|-------|----------------|----------------|

## (c) Materials &amp; Contracts (continued)

## 1. Auditor Remuneration

During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):

## (i) Audit and Other Assurance Services

- Audit & review of financial statements: Council's Auditor

|  |           |           |
|--|-----------|-----------|
|  | 40        | 42        |
| <b>Remuneration for audit and other assurance services</b> | <b>40</b> | <b>42</b> |
| <b>Total Auditor Remuneration</b>                          | <b>40</b> | <b>42</b> |

| \$ '000 | Notes | Impairment Costs |                | Depreciation/Amortisation |                |
|---------|-------|------------------|----------------|---------------------------|----------------|
|         |       | Actual<br>2015   | Actual<br>2014 | Actual<br>2015            | Actual<br>2014 |

## (d) Depreciation, Amortisation &amp; Impairment

|   |          |          |              |              |
|---|----------|----------|--------------|--------------|
| Plant and Equipment                                       | -        | -        | 831          | 779          |
| Office Equipment  | -        | -        | 35           | 49           |
| Buildings - Non Specialised                               | -        | -        | 45           | 76           |
| Buildings - Specialised                                   | -        | -        | 424          | 730          |
| Other Structures  | -        | -        | 158          | 178          |
| Infrastructure:   |          |          |              |              |
| - Roads   | -        | -        | 1,118        | 1,277        |
| - Bridges   | -        | -        | 247          | 214          |
| - Footpaths   | -        | -        | 81           | 70           |
| - Stormwater Drainage                                     | -        | -        | 88           | 66           |
| - Water Supply Network                                    | -        | -        | 336          | 322          |
| - Sewerage Network  | -        | -        | 177          | 169          |
| - Swimming Pools  | -        | -        | 67           | 97           |
| - Other Open Space/Recreational Assets                    | -        | -        | 141          | 279          |
| - Levee Bank  | -        | -        | 188          | 142          |
| Other Assets  |          |          |              |              |
| - Library Books   | -        | -        | 10           | 10           |
| <b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b> | <b>-</b> | <b>-</b> | <b>3,946</b> | <b>4,458</b> |

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 4. Expenses from Continuing Operations (continued)

| \$ '000  | Notes | Actual<br>2015      | Actual<br>2014      |
|--|-------|---------------------|---------------------|
| <b>(e) Other Expenses</b>  |       |                     |                     |
| Other Expenses for the year include the following:                         |       |                     |                     |
| Advertising  |       | 24                  | 32                  |
| Bad & Doubtful Debts   |       | 52                  | 14                  |
| Contributions/Levies to Other Levels of Government                         |       |                     |                     |
| - Emergency Services Levy (includes FRNSW, SES, and RFS Levies)            |       | 4                   | 7                   |
| - NSW Fire Brigade Levy  |       | 31                  | 31                  |
| - NSW Rural Fire Service Levy  |       | 84                  | 187                 |
| Councillor Expenses - Mayoral Fee  |       | 24                  | 23                  |
| Councillor Expenses - Councillors' Fees                                    |       | 105                 | 103                 |
| Councillors' Expenses (incl. Mayor) - Other (excluding fees above)         |       | 33                  | 34                  |
| Donations, Contributions & Assistance to other organisations (Section 356) |       | 29                  | 44                  |
| Electricity & Heating  |       | 418                 | 488                 |
| Insurance  |       | 451                 | 355                 |
| Street Lighting  |       | 164                 | 124                 |
| Subscriptions & Publications   |       | 20                  | 21                  |
| Telephone & Communications   |       | 74                  | 76                  |
| <b><u>TOTAL OTHER EXPENSES</u></b>   |       | <b><u>1,513</u></b> | <b><u>1,539</u></b> |

#### Note 5. Gains or Losses from the Disposal of Assets

|   |  |                    |                     |
|---|--|--------------------|---------------------|
| <b>Property</b> (excl. Investment Property)                               |  |                    |                     |
| Proceeds from Disposal - Property   |  | -                  | -                   |
| less: Carrying Amount of Property Assets Sold / Written Off               |  | -                  | (96)                |
| <b>Net Gain/(Loss) on Disposal</b>  |  | <b>-</b>           | <b>(96)</b>         |
| <b>Plant &amp; Equipment</b>  |  |                    |                     |
| Proceeds from Disposal - Plant & Equipment                                |  | 275                | 336                 |
| less: Carrying Amount of P&E Assets Sold / Written Off                    |  | (272)              | (265)               |
| <b>Net Gain/(Loss) on Disposal</b>  |  | <b>3</b>           | <b>71</b>           |
| <b>Infrastructure</b>   |  |                    |                     |
| Proceeds from Disposal - Infrastructure                                   |  | -                  | -                   |
| less: Carrying Amount of Infrastructure Assets Sold / Written Off         |  | (16)               | (303)               |
| <b>Net Gain/(Loss) on Disposal</b>  |  | <b>(16)</b>        | <b>(303)</b>        |
| <b>Financial Assets*</b>  |  |                    |                     |
| Proceeds from Disposal of Financial Assets - Held to Maturity Investments |  | 5,641              | 4,319               |
| less: Carrying Amount of Financial Assets Sold / Redeemed / Matured       |  | (5,641)            | (4,319)             |
| <b>Net Gain/(Loss) on Disposal</b>  |  | <b>-</b>           | <b>-</b>            |
| <b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>                       |  | <b><u>(13)</u></b> | <b><u>(328)</u></b> |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6a. - Cash Assets and Note 6b. - Investments

| \$ '000  | Notes | 2015<br>Actual<br>Current | 2015<br>Actual<br>Non Current | 2014<br>Actual<br>Current | 2014<br>Actual<br>Non Current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Cash &amp; Cash Equivalents (Note 6a)</b>                     |       |                           |                               |                           |                               |
| Cash on Hand and at Bank   |       | 1,123                     | -                             | 939                       | -                             |
| Cash-Equivalent Assets <sup>1</sup>                              |       |                           |                               |                           |                               |
| - Short Term Deposits  |       | 3,975                     | -                             | 4,870                     | -                             |
| <b>Total Cash &amp; Cash Equivalents</b>                         |       | <b>5,098</b>              | <b>-</b>                      | <b>5,809</b>              | <b>-</b>                      |
| <b>Investments (Note 6b)</b>                                     |       |                           |                               |                           |                               |
| - Long Term Deposits   |       | 6,532                     | -                             | 4,443                     | -                             |
| <b>Total Investments</b>   |       | <b>6,532</b>              | <b>-</b>                      | <b>4,443</b>              | <b>-</b>                      |
| <b>TOTAL CASH ASSETS, CASH<br/>EQUIVALENTS &amp; INVESTMENTS</b> |       | <b>11,630</b>             | <b>-</b>                      | <b>10,252</b>             | <b>-</b>                      |

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:**

|  |        |              |          |              |          |
|--|--------|--------------|----------|--------------|----------|
| <b>Cash &amp; Cash Equivalents</b>           |        |              |          |              |          |
| a. "At Fair Value through the Profit & Loss" |        | 5,098        | -        | 5,809        | -        |
| <b>Investments</b>                           |        |              |          |              |          |
| a. "Held to Maturity"                        | 6(b-i) | 6,532        | -        | 4,443        | -        |
| <b>Investments</b>                           |        | <b>6,532</b> | <b>-</b> | <b>4,443</b> | <b>-</b> |

**Note 6(b-i)****Reconciliation of Investments classified as "Held to Maturity"**

|                                      |  |              |          |              |          |
|--------------------------------------|--|--------------|----------|--------------|----------|
| Balance at the Beginning of the Year |  | 4,443        | -        | 4,562        | -        |
| Additions                            |  | 7,730        | -        | 4,200        | -        |
| Disposals (sales & redemptions)      |  | (5,641)      | -        | (4,319)      | -        |
| <b>Balance at End of Year</b>        |  | <b>6,532</b> | <b>-</b> | <b>4,443</b> | <b>-</b> |
| <b>Comprising:</b>                   |  |              |          |              |          |
| - Long Term Deposits                 |  | 6,532        | -        | 4,443        | -        |
| <b>Total</b>                         |  | <b>6,532</b> | <b>-</b> | <b>4,443</b> | <b>-</b> |

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of investments held.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 6c. Restricted Cash, Cash Equivalents &amp; Investments - Details

| \$ '000   | 2015              | 2015                  | 2014              | 2014                  |
|---|-------------------|-----------------------|-------------------|-----------------------|
|   | Actual<br>Current | Actual<br>Non Current | Actual<br>Current | Actual<br>Non Current |
| Total Cash, Cash Equivalents<br>and Investments | 11,630            | -                     | 10,252            | -                     |
| <b>attributable to:</b>                         |                   |                       |                   |                       |
| External Restrictions (refer below)             | 3,983             | -                     | 4,784             | -                     |
| Internal Restrictions (refer below)             | 1,114             | -                     | 773               | -                     |
| Unrestricted                                    | 6,533             | -                     | 4,695             | -                     |
|   | <b>11,630</b>     | <b>-</b>              | <b>10,252</b>     | <b>-</b>              |

| 2015<br>\$ '000 | Opening<br>Balance | Transfers to<br>Restrictions | Transfers from<br>Restrictions | Closing<br>Balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

## Details of Restrictions

## External Restrictions - Included in Liabilities

Nil

## External Restrictions - Other

|   |              |            |                |              |
|---|--------------|------------|----------------|--------------|
| RMS (formerly RTA) Contributions (A)              | 35           | -          | (35)           | -            |
| Specific Purpose Unexpended Grants (B)            | 206          | -          | (89)           | 117          |
| Specific Purpose Unexpended Grants-Sewer Fund (B) | 74           | -          | -              | 74           |
| Water Supplies (C)                                | 2,445        | 513        | -              | 2,958        |
| Sewerage Services (C)                             | 2,024        | -          | (1,190)        | 834          |
| <b>External Restrictions - Other</b>              | <b>4,784</b> | <b>513</b> | <b>(1,314)</b> | <b>3,983</b> |
| <b>Total External Restrictions</b>                | <b>4,784</b> | <b>513</b> | <b>(1,314)</b> | <b>3,983</b> |

## Internal Restrictions

|                                    |              |              |                |              |
|------------------------------------|--------------|--------------|----------------|--------------|
| Employees Leave Entitlement        | 594          | -            | -              | 594          |
| Deposits, Retentions & Bonds       | 29           | 58           | (57)           | 30           |
| Loan - Skate Park                  | 150          | -            | (150)          | -            |
| Loan - Drainage                    | -            | 490          | -              | 490          |
| <b>Total Internal Restrictions</b> | <b>773</b>   | <b>548</b>   | <b>(207)</b>   | <b>1,114</b> |
| <b>TOTAL RESTRICTIONS</b>          | <b>5,557</b> | <b>1,061</b> | <b>(1,521)</b> | <b>5,097</b> |

- A RMS Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- B Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- C Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 7. Receivables

| \$ '000   | Notes | 2015                |                  | 2014                |                  |
|---|-------|---------------------|------------------|---------------------|------------------|
|   |       | Current             | Non Current      | Current             | Non Current      |
| <b>Purpose</b>                                      |       |                     |                  |                     |                  |
| Rates & Annual Charges                              |       | 476                 | 173              | 349                 | 127              |
| Interest & Extra Charges                            |       | 89                  | 34               | 73                  | 14               |
| User Charges & Fees                                 |       | 1,445               | -                | 1,402               | -                |
| Accrued Revenues                                    |       |                     |                  |                     |                  |
| - Interest on Investments                           |       | 52                  | -                | 53                  | -                |
| Government Grants & Subsidies                       |       | 375                 | -                | 21                  | -                |
| Net GST Receivable                                  |       | 122                 | -                | 141                 | -                |
| <b>Total</b>  |       | <b>2,559</b>        | <b>207</b>       | <b>2,039</b>        | <b>141</b>       |
| <b>less: Provision for Impairment</b>               |       |                     |                  |                     |                  |
| Rates & Annual Charges                              |       | (70)                | (70)             | (50)                | (52)             |
| Interest & Extra Charges                            |       | (14)                | (21)             | (11)                | (14)             |
| User Charges & Fees                                 |       | (4)                 | (35)             | (36)                | -                |
| <b>Total Provision for Impairment - Receivables</b> |       | <b>(88)</b>         | <b>(126)</b>     | <b>(97)</b>         | <b>(66)</b>      |
| <b><u>TOTAL NET RECEIVABLES</u></b>                 |       | <b><u>2,471</u></b> | <b><u>81</u></b> | <b><u>1,942</u></b> | <b><u>75</u></b> |
| <b>Externally Restricted Receivables</b>            |       |                     |                  |                     |                  |
| <b>Water Supply</b>                                 |       |                     |                  |                     |                  |
| - Specific Purpose Grants                           |       | 185                 | -                | -                   | -                |
| - Rates & Availability Charges                      |       | 196                 | -                | 138                 | -                |
| - Other   |       | 308                 | -                | 419                 | -                |
| <b>Sewerage Services</b>                            |       |                     |                  |                     |                  |
| - Rates & Availability Charges                      |       | 177                 | -                | 129                 | -                |
| - Other   |       | -                   | -                | 80                  | -                |
| <b>Total External Restrictions</b>                  |       | <b>866</b>          | <b>-</b>         | <b>766</b>          | <b>-</b>         |
| <b>Internally Restricted Receivables</b>            |       |                     |                  |                     |                  |
| Nil   |       |                     |                  |                     |                  |
| <b>Unrestricted Receivables</b>                     |       | <b>1,605</b>        | <b>81</b>        | <b>1,176</b>        | <b>75</b>        |
| <b>TOTAL NET RECEIVABLES</b>                        |       | <b><u>2,471</u></b> | <b><u>81</u></b> | <b><u>1,942</u></b> | <b><u>75</u></b> |

**Notes on Debtors above:**

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates & charges at 8.50% (2014 9.00%).  
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 8. Inventories & Other Assets

| \$ '000                               | Notes | 2015       |             | 2014      |             |
|---------------------------------------|-------|------------|-------------|-----------|-------------|
|                                       |       | Current    | Non Current | Current   | Non Current |
| <b>Inventories</b>                    |       |            |             |           |             |
| Stores & Materials                    |       | 73         | -           | 46        | -           |
| <b>Total Inventories</b>              |       | <b>73</b>  | <b>-</b>    | <b>46</b> | <b>-</b>    |
| <b>Other Assets</b>                   |       |            |             |           |             |
| Prepayments                           |       | 31         | -           | 28        | -           |
| <b>Total Other Assets</b>             |       | <b>31</b>  | <b>-</b>    | <b>28</b> | <b>-</b>    |
| <b>TOTAL INVENTORIES/OTHER ASSETS</b> |       | <b>104</b> | <b>-</b>    | <b>74</b> | <b>-</b>    |

#### Externally Restricted Assets

There are no restrictions applicable to the above assets.

#### Other Disclosures

##### (a) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Notes to the Financial Statements  
for the financial year ended 30 June 2015

Note 9a. Infrastructure, Property, Plant & Equipment

| \$ '000   | as at 30/6/2014 |                |               |            |                | Asset Movements during the Reporting Period |                        |                      |               |                         |  |  | as at 30/6/2015 |                |               |            |                |
|---|-----------------|----------------|---------------|------------|----------------|---|------------------------|----------------------|---------------|-------------------------|--|--|-----------------|----------------|---------------|------------|----------------|
|   | At              | At             | Accumulated   |            | Carrying       | Asset Additions                             | WDV of Asset Disposals | Depreciation Expense | WIP Transfers | Adjustments & Transfers | Revaluation Decrements to Equity (ARR) | Revaluation Increments to Equity (ARR) | At              | At             | Accumulated   |            | Carrying       |
|   | Cost            | Fair Value     | Dep'n         | Impairment | Value          |   |                        |                      |               |                         |  |  | Cost            | Fair Value     | Dep'n         | Impairment | Value          |
| Capital Work in Progress                                  | 336             | -              | -             | -          | 336            | 3,110                                       | -                      | -                    | (164)         | -                       | -                                      | -                                      | 3,282           | -              | -             | -          | 3,282          |
| Plant & Equipment   | -               | 8,628          | 4,894         | -          | 3,734          | 1,117                                       | (272)                  | (831)                | -             | -                       | -                                      | -                                      | -               | 9,100          | 5,352         | -          | 3,748          |
| Office Equipment  | -               | 416            | 239           | -          | 177            | 96  | -                      | (35)                 | -             | -                       | -                                      | -                                      | -               | 468            | 230           | -          | 238            |
| <b>Land:</b>  |                 |                |               |            |                |   |                        |                      |               |                         |  |  |                 |                |               |            |                |
| - Operational Land  | -               | 1,011          | -             | -          | 1,011          | 27  | -                      | -                    | 108           | -                       | -                                      | -                                      | -               | 1,146          | -             | -          | 1,146          |
| - Community Land  | -               | 842            | -             | -          | 842            | -   | -                      | -                    | -             | -                       | -                                      | -                                      | -               | 842            | -             | -          | 842            |
| Buildings - Non Specialised                               | -               | 2,848          | 339           | -          | 2,509          | -   | -                      | (45)                 | -             | -                       | -                                      | -                                      | -               | 2,849          | 385           | -          | 2,464          |
| Buildings - Specialised                                   | -               | 26,576         | 4,773         | -          | 21,803         | 113   | -                      | (424)                | -             | -                       | -                                      | -                                      | -               | 26,690         | 5,198         | -          | 21,492         |
| Other Structures  | -               | 3,596          | 883           | -          | 2,713          | 22  | (16)                   | (158)                | 56            | (170)                   | -                                      | -                                      | -               | 3,471          | 1,024         | -          | 2,447          |
| <b>Infrastructure:</b>                                    |                 |                |               |            |                |   |                        |                      |               |                         |  |  |                 |                |               |            |                |
| - Roads   | -               | 152,456        | 28,930        | -          | 123,526        | 1,716                                       | -                      | (1,118)              | -             | -                       | -                                      | 9,686                                  | -               | 158,525        | 24,715        | -          | 133,810        |
| - Bridges   | -               | 22,586         | 7,893         | -          | 14,693         | 834   | -                      | (247)                | -             | -                       | -                                      | 2,191                                  | -               | 26,103         | 8,632         | -          | 17,471         |
| - Footpaths   | -               | 4,771          | 2,654         | -          | 2,117          | -   | -                      | (81)                 | -             | -                       | -                                      | 68                                     | -               | 5,087          | 2,983         | -          | 2,104          |
| - Stormwater Drainage                                     | -               | 5,047          | 2,148         | -          | 2,899          | -   | -                      | (88)                 | -             | -                       | -                                      | 1,367                                  | -               | 7,111          | 2,933         | -          | 4,178          |
| - Water Supply Network                                    | -               | 22,644         | 12,454        | -          | 10,190         | -   | -                      | (336)                | -             | -                       | -                                      | 153                                    | -               | 22,984         | 12,977        | -          | 10,007         |
| - Sewerage Network  | -               | 15,020         | 7,214         | -          | 7,806          | 25  | -                      | (177)                | -             | -                       | -                                      | 117                                    | -               | 15,270         | 7,499         | -          | 7,771          |
| - Swimming Pools  | -               | 2,007          | 1,080         | -          | 927            | 8   | -                      | (67)                 | -             | 30                      | -                                      | -                                      | -               | 2,045          | 1,147         | -          | 898            |
| - Other Open Space/Recreational Assets                    | -               | 5,990          | 2,778         | -          | 3,212          | 355   | -                      | (141)                | -             | 140                     | -                                      | -                                      | -               | 6,487          | 2,921         | -          | 3,566          |
| - Levee Bank  | -               | 13,238         | 3,115         | -          | 10,123         | -   | -                      | (188)                | -             | -                       | (1,389)                                | -                                      | -               | 13,136         | 4,590         | -          | 8,546          |
| <b>Other Assets:</b>                                      |                 |                |               |            |                |   |                        |                      |               |                         |  |  |                 |                |               |            |                |
| - Library Books   | -               | 114            | 24            | -          | 90             | 15  | -                      | (10)                 | -             | -                       | -                                      | -                                      | -               | 119            | 24            | -          | 95             |
| <b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b> | <b>336</b>      | <b>287,790</b> | <b>79,418</b> | <b>-</b>   | <b>208,708</b> | <b>7,438</b>                                | <b>(288)</b>           | <b>(3,946)</b>       | <b>-</b>      | <b>-</b>                | <b>(1,389)</b>                         | <b>13,582</b>                          | <b>3,282</b>    | <b>301,433</b> | <b>80,610</b> | <b>-</b>   | <b>224,105</b> |

Additions to Buildings & Infrastructure Assets are made up of Asset Renewals (\$4,575) and New Assets (\$1,623). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of other Infrastructure, Property, Plant & Equipment.



## Bourke Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 9b. Externally Restricted Infrastructure, Property, Plant &amp; Equipment

| \$ '000<br>Class of Asset          | Actual<br>2015 |                  |                      |                   | Actual<br>2014 |                  |                      |                   |
|------------------------------------|----------------|------------------|----------------------|-------------------|----------------|------------------|----------------------|-------------------|
|                                    | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value | At<br>Cost     | At<br>Fair Value | A/Dep &<br>Impairm't | Carrying<br>Value |
| <b>Water Supply</b>                |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | 702            | -                | -                    | <b>702</b>        | -              | -                | -                    | -                 |
| Plant & Equipment                  | -              | 386              | 132                  | <b>254</b>        | -              | 308              | 79                   | <b>229</b>        |
| Infrastructure                     | -              | 22,984           | 12,977               | <b>10,007</b>     | -              | 22,644           | 12,454               | <b>10,190</b>     |
| <b>Total Water Supply</b>          | <b>702</b>     | <b>23,370</b>    | <b>13,109</b>        | <b>10,963</b>     | <b>-</b>       | <b>22,952</b>    | <b>12,533</b>        | <b>10,419</b>     |
| <b>Sewerage Services</b>           |                |                  |                      |                   |                |                  |                      |                   |
| WIP                                | 1,465          | -                | -                    | <b>1,465</b>      | -              | -                | -                    | -                 |
| Plant & Equipment                  | -              | 96               | 68                   | <b>28</b>         | -              | 96               | 59                   | <b>37</b>         |
| Infrastructure                     | -              | 15,270           | 7,499                | <b>7,770</b>      | -              | 15,020           | 7,214                | <b>7,806</b>      |
| <b>Total Sewerage Services</b>     | <b>1,465</b>   | <b>15,366</b>    | <b>7,567</b>         | <b>9,263</b>      | <b>-</b>       | <b>15,116</b>    | <b>7,273</b>         | <b>7,843</b>      |
| <b>TOTAL RESTRICTED I,PP&amp;E</b> | <b>2,166</b>   | <b>38,736</b>    | <b>20,676</b>        | <b>20,226</b>     | <b>-</b>       | <b>38,068</b>    | <b>19,806</b>        | <b>18,262</b>     |

## Note 9c. Infrastructure, Property, Plant &amp; Equipment - Current Year Impairments

Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Bourke Shire Council

Notes to the Financial Statements  
for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions

| \$ '000  | Notes | 2015         |              | 2014         |              |
|--|-------|--------------|--------------|--------------|--------------|
|  |       | Current      | Non Current  | Current      | Non Current  |
| <b>Payables</b>  |       |              |              |              |              |
| Goods & Services - operating expenditure                 |       | 1,911        | -            | 1,018        | -            |
| Goods & Services - capital expenditure                   |       | 12           | -            | 11           | -            |
| Payments Received In Advance                             |       | 141          | -            | 143          | -            |
| Accrued Expenses:  |       |              |              |              |              |
| - Borrowings   |       | 22           | -            | 24           | -            |
| - Salaries & Wages                                       |       | 166          | -            | 146          | -            |
| Security Bonds, Deposits & Retentions                    |       | 30           | -            | 29           | -            |
| <b>Total Payables</b>                                    |       | <b>2,282</b> | <b>-</b>     | <b>1,371</b> | <b>-</b>     |
| <b>Borrowings</b>  |       |              |              |              |              |
| Loans - Secured <sup>1</sup>                             |       | 903          | 3,938        | 822          | 3,557        |
| <b>Total Borrowings</b>                                  |       | <b>903</b>   | <b>3,938</b> | <b>822</b>   | <b>3,557</b> |
| <b>Provisions</b>  |       |              |              |              |              |
| <b>Employee Benefits;</b>                                |       |              |              |              |              |
| Annual Leave   |       | 763          | -            | 733          | -            |
| Sick Leave   |       | 276          | -            | 301          | -            |
| Long Service Leave                                       |       | 1,541        | 81           | 1,452        | 76           |
| Other Leave  |       | 51           | -            | 44           | -            |
| <b>Total Provisions</b>                                  |       | <b>2,631</b> | <b>81</b>    | <b>2,530</b> | <b>76</b>    |
| <b>Total Payables, Borrowings &amp; Provisions</b>       |       | <b>5,816</b> | <b>4,019</b> | <b>4,723</b> | <b>3,633</b> |
| <b>(i) Liabilities relating to Restricted Assets</b>     |       |              |              |              |              |
|  |       | 2015         |              | 2014         |              |
|  |       | Current      | Non Current  | Current      | Non Current  |
| <b>Externally Restricted Assets</b>                      |       |              |              |              |              |
| Water  |       | 71           | 478          | 70           | 508          |
| Sewer  |       | 3            | 86           | 3            | 88           |
| Liabilities relating to externally restricted assets     |       | 74           | 564          | 73           | 596          |
| <b>Internally Restricted Assets</b>                      |       |              |              |              |              |
| Loan - Skate Park  |       | -            | -            | 14           | 136          |
| Loan - Drainage  |       | 31           | 458          | -            | -            |
| Liabilities relating to internally restricted assets     |       | 31           | 458          | 14           | 136          |
| <b>Total Liabilities relating to restricted assets</b>   |       | <b>105</b>   | <b>1,022</b> | <b>87</b>    | <b>732</b>   |
| <b>Total Liabilities relating to Unrestricted Assets</b> |       | <b>5,711</b> | <b>2,997</b> | <b>4,636</b> | <b>2,901</b> |
| <b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>       |       | <b>5,816</b> | <b>4,019</b> | <b>4,723</b> | <b>3,633</b> |

<sup>1</sup>: Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 10a. Payables, Borrowings &amp; Provisions (continued)

| \$ '000 | Actual<br>2015 | Actual<br>2014 |
|---------|----------------|----------------|
|---------|----------------|----------------|

**(ii) Current Liabilities not anticipated to be settled within the next 12 months**

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Provisions - Employees Benefits | 1,600        | 1,500        |
|                                 | <u>1,600</u> | <u>1,500</u> |

## Note 10b. Description of and movements in Provisions

| Class of Provision      | 2014                               |                          | 2015                        |  |                               | Closing<br>Balance<br>as at 30/6/15 |
|-------------------------|------------------------------------|--------------------------|-----------------------------|--|-------------------------------|-------------------------------------|
|                         | Opening<br>Balance<br>as at 1/7/14 | Additional<br>Provisions | Decrease due to<br>Payments | Remeasurement<br>effects due to<br>Discounting | Unused<br>amounts<br>reversed |                                     |
| Annual Leave            | 733                                | 528                      | (498)                       | -  | -                             | 763                                 |
| Sick Leave              | 301                                | 239                      | (264)                       | -  | -                             | 276                                 |
| Long Service Leave      | 1,528                              | 374                      | (280)                       | -  | -                             | 1,622                               |
| Other Leave (enter deta | 44                                 | 7                        | -                           | -  | -                             | 51                                  |
| Gratuities              | -                                  | 50                       | (50)                        | -  | -                             | -                                   |
| <b>TOTAL</b>            | <b>2,606</b>                       | <b>1,198</b>             | <b>(1,092)</b>              | <b>-</b>                                       | <b>-</b>                      | <b>2,712</b>                        |

- a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 11. Statement of Cash Flows - Additional Information

| \$ '000   | Notes | Actual<br>2015 | Actual<br>2014 |
|---|-------|----------------|----------------|
| <b>(a) Reconciliation of Cash Assets</b>  |       |                |                |
| Total Cash & Cash Equivalent Assets   | 6a    | 5,098          | 5,809          |
| Less Bank Overdraft   | 10    | -              | -              |
| <b>BALANCE as per the STATEMENT of CASH FLOWS</b>   |       | <b>5,098</b>   | <b>5,809</b>   |
| <b>(b) Reconciliation of Net Operating Result<br/>to Cash provided from Operating Activities</b>  |       |                |                |
| <b>Net Operating Result from Income Statement</b>   |       | <b>3,668</b>   | <b>(1,320)</b> |
| Adjust for non cash items:  |       |                |                |
| Depreciation & Amortisation   |       | 3,946          | 4,458          |
| Net Losses/(Gains) on Disposal of Assets  |       | 13             | 328            |
| +/- Movement in Operating Assets and Liabilities & Other Cash Items:                              |       |                |                |
| Decrease/(Increase) in Receivables  |       | (586)          | (270)          |
| Increase/(Decrease) in Provision for Doubtful Debts   |       | 51             | (39)           |
| Decrease/(Increase) in Inventories  |       | (27)           | -              |
| Decrease/(Increase) in Other Assets   |       | (3)            | 158            |
| Increase/(Decrease) in Payables   |       | 893            | (19)           |
| Increase/(Decrease) in accrued Interest Payable   |       | (2)            | (2)            |
| Increase/(Decrease) in other accrued Expenses Payable   |       | 20             | 33             |
| Increase/(Decrease) in Other Liabilities  |       | (1)            | 37             |
| Increase/(Decrease) in Employee Leave Entitlements  |       | 106            | 137            |
| <b>NET CASH PROVIDED FROM/(USED IN)<br/>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b> |       | <b>8,078</b>   | <b>3,501</b>   |

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 11. Statement of Cash Flows - Additional Information (continued)

| \$ '000  | Notes | Actual<br>2015 | Actual<br>2014 |
|--|-------|----------------|----------------|
| <b>(c) Non-Cash Investing &amp; Financing Activities</b>                                       |       |                |                |
| Nil  |       |                |                |
| <b>(d) Financing Arrangements</b>  |       |                |                |
| <b>(i) Unrestricted access was available at balance date to the following lines of credit:</b> |       |                |                |
| Bank Overdraft Facilities <sup>(1)</sup>   |       | 200            | 200            |
| Credit Cards / Purchase Cards  |       | 10             | 10             |
| <b>Total Financing Arrangements</b>  |       | <b>210</b>     | <b>210</b>     |
| <b>Amounts utilised as at Balance Date:</b>  |       |                |                |
| - Credit Cards / Purchase Cards  |       | 8              | 3              |
| <b>Total Financing Arrangements Utilised</b>   |       | <b>8</b>       | <b>3</b>       |

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

#### **(ii) Secured Loan Liabilities**

Loans are secured by a mortgage over future years Rate Revenue only.

#### Note 12. Commitments for Expenditure

Council has no Commitments for Expenditure

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 13a. Statement of Performance Measurement - Indicators (Consolidated)

| \$ '000   | Amounts<br>2015 | Indicator<br>2015 | Prior Periods<br>2014    2013 |        |
|---|-----------------|-------------------|-------------------------------|--------|
| <b>Local Government Industry Indicators - Consolidated</b>  |                 |                   |                               |        |
| <b>1. Operating Performance Ratio</b>   |                 |                   |                               |        |
| Total continuing operating revenue <sup>(1)</sup>   |                 |                   |                               |        |
| <u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>  | <u>1,507</u>    | <b>7.39%</b>      | -9.98%                        | -9.04% |
| Total continuing operating revenue <sup>(1)</sup><br>(excl. Capital Grants & Contributions)                       | <b>20,402</b>   |                   |                               |        |
| <b>2. Own Source Operating Revenue Ratio</b>  |                 |                   |                               |        |
| Total continuing operating revenue <sup>(1)</sup>   |                 |                   |                               |        |
| <u>(excl. ALL Grants &amp; Contributions)</u>   | <u>13,234</u>   | <b>58.62%</b>     | 64.47%                        | 60.24% |
| Total continuing operating revenue <sup>(1)</sup>   | <b>22,576</b>   |                   |                               |        |
| <b>3. Unrestricted Current Ratio</b>  |                 |                   |                               |        |
| Current Assets less all External Restrictions <sup>(2)</sup>  | <u>9,356</u>    | <b>2.26x</b>      | 2.13                          | 2.29   |
| Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>   | <u>4,142</u>    |                   |                               |        |
| <b>4. Debt Service Cover Ratio</b>  |                 |                   |                               |        |
| Operating Result <sup>(1)</sup> before capital excluding interest<br>and depreciation / impairment / amortisation | <u>5,715</u>    | <b>5.30x</b>      | 3.13                          | 2.64   |
| Principal Repayments (from the Statement of Cash Flows)<br>+ Borrowing Costs (from the Income Statement)          | <u>1,078</u>    |                   |                               |        |
| <b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>                              |                 |                   |                               |        |
| Rates, Annual and Extra Charges Outstanding   | <u>597</u>      | <b>14.75%</b>     | 11.00%                        | 11.90% |
| Rates, Annual and Extra Charges Collectible   | <u>4,048</u>    |                   |                               |        |
| <b>6. Cash Expense Cover Ratio</b>  |                 |                   |                               |        |
| Current Year's Cash and Cash Equivalents<br>+ All Term Deposits   | <u>11,630</u>   | <b>9.41 mths</b>  | 8.11                          | 7.51   |
| Payments from cash flow of operating and<br>financing activities  | <u>1,236</u>    |                   |                               |        |

## Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures & associates.

(2) Refer Notes 6-8 inclusive.

Also excludes any real estate & land for resale not expected to be sold in the next 12 months

(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 13b. Statement of Performance Measurement - Indicators (by Fund)

| \$ '000  | Water<br>2015        | Sewer<br>2015  | General <sup>5</sup><br>2015 |
|--|----------------------|----------------|------------------------------|
| <b>Local Government Industry Indicators - by Fund</b>  |                      |                |                              |
| <b>1. Operating Performance Ratio</b>  |                      |                |                              |
| Total continuing operating revenue <sup>(1)</sup>  |                      |                |                              |
| <u>(excl. Capital Grants &amp; Contributions) - Operating Expenses</u>   | <b>10.35%</b>        | <b>10.00%</b>  | <b>6.92%</b>                 |
| Total continuing operating revenue <sup>(1)</sup>  |                      |                |                              |
| (excl. Capital Grants & Contributions)   | prior period: -0.80% | 18.96%         | -12.75%                      |
| <b>2. Own Source Operating Revenue Ratio</b>   |                      |                |                              |
| Total continuing operating revenue <sup>(1)</sup>  |                      |                |                              |
| <u>(excl. ALL Grants &amp; Contributions)</u>  | <b>75.85%</b>        | <b>99.40%</b>  | <b>54.43%</b>                |
| Total continuing operating revenue <sup>(1)</sup>  |                      |                |                              |
|  | prior period: 99.68% | 99.39%         | 58.39%                       |
| <b>3. Unrestricted Current Ratio</b>   |                      |                |                              |
| <u>Current Assets less all External Restrictions<sup>(2)</sup></u>   | <b>51.37x</b>        | <b>337.00x</b> | <b>2.26x</b>                 |
| Current Liabilities less Specific Purpose Liabilities <sup>(3, 4)</sup>  |                      |                |                              |
|  | prior period: 45.94  | 789.33         | 2.09                         |
| <b>4. Debt Service Cover Ratio</b>   |                      |                |                              |
| <u>Operating Result<sup>(1)</sup> before capital excluding interest<br/>and depreciation / impairment / amortisation</u> | <b>17.64x</b>        | <b>34.88x</b>  | <b>4.64x</b>                 |
| Principal Repayments (from the Statement of Cash Flows)<br>+ Borrowing Costs (from the Income Statement)                 |                      |                |                              |
|  | prior period: 6.00   | 42.75          | 2.55                         |
| <b>5. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>                                     |                      |                |                              |
| <u>Rates, Annual and Extra Charges Outstanding</u>   | <b>15.68%</b>        | <b>16.13%</b>  | <b>13.45%</b>                |
| Rates, Annual and Extra Charges Collectible  |                      |                |                              |
|  | prior period: 17.21% | 18.64%         | 5.74%                        |
| <b>6. Cash Expense Cover Ratio</b>   |                      |                |                              |
| Current Year's Cash and Cash Equivalents<br><u>+ All Term Deposits</u>   | <b>24.18</b>         | <b>19.39</b>   | <b>7.28</b>                  |
| Payments from cash flow of operating and<br>financing activities   | mths                 | mths           | mths                         |
|  | prior period: 19.13  | 51.17          | 5.21                         |

## Notes

(1) - (4) Refer to Notes at Note 13a(i) above.

(5) General Fund refers to all of Council's activities except for its Water &amp; Sewer activities which are listed separately.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 14. Investment Properties

\$ '000

Council has not classified any Land or Buildings as "Investment Properties"

#### Note 15. Financial Risk Management

##### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

|                                    | Carrying Value |               | Fair Value    |               |
|------------------------------------|----------------|---------------|---------------|---------------|
|                                    | 2015           | 2014          | 2015          | 2014          |
| <b>Financial Assets</b>            |                |               |               |               |
| Cash and Cash Equivalents          | 5,098          | 5,809         | 5,098         | 5,809         |
| Investments                        |                |               |               |               |
| - "Held to Maturity"               | 6,532          | 4,443         | 6,532         | 4,443         |
| Receivables                        | 2,552          | 2,017         | 2,552         | 2,017         |
| <b>Total Financial Assets</b>      | <b>14,182</b>  | <b>12,269</b> | <b>14,182</b> | <b>12,269</b> |
| <b>Financial Liabilities</b>       |                |               |               |               |
| Payables                           | 2,141          | 1,229         | 2,143         | 1,229         |
| Loans / Advances                   | 4,841          | 4,379         | 4,841         | 4,379         |
| <b>Total Financial Liabilities</b> | <b>6,982</b>   | <b>5,608</b>  | <b>6,984</b>  | <b>5,608</b>  |

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) "**at fair value through profit & loss**" or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27 - Fair Value Measurement for information regarding the fair value of financial assets & liabilities



## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss' "Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and it's staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price Risk** - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest Rate Risk** - the risk that movements in interest rates could affect returns and income.
- **Credit Risk** - the risk that the investment counterparty) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

| 2015   | Increase of Values/Rates |        | Decrease of Values/Rates |        |
|--|--------------------------|--------|--------------------------|--------|
|  | Profit                   | Equity | Profit                   | Equity |
| Possible impact of a 1% movement in Interest Rates | 92                       | 92     | (92)                     | (92)   |
| <b>2014</b>  |                          |        |                          |        |
| Possible impact of a 1% movement in Interest Rates | 92                       | 92     | (92)                     | (92)   |

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (b) Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

|                                      | 2015<br>Rates &<br>Annual<br>Charges | 2015<br>Other<br>Receivables | 2014<br>Rates &<br>Annual<br>Charges | 2014<br>Other<br>Receivables |
|--------------------------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| <b>(i) Ageing of Receivables - %</b> |                                      |                              |                                      |                              |
| Current (not yet overdue)            | 0%                                   | 31%                          | 0%                                   | 30%                          |
| Overdue                              | 100%                                 | 69%                          | 100%                                 | 70%                          |
|                                      | <u>100%</u>                          | <u>100%</u>                  | <u>100%</u>                          | <u>100%</u>                  |

##### (ii) Ageing of Receivables - value

| Rates & Annual Charges | Other Receivables    | 2015<br>Rates &<br>Annual<br>Charges | 2015<br>Other<br>Receivables | 2014<br>Rates &<br>Annual<br>Charges | 2014<br>Other<br>Receivables |
|------------------------|----------------------|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| Current                | Current              | -                                    | 17                           | -                                    | 855                          |
| < 1 year overdue       | 0 - 30 days overdue  | 476                                  | 911                          | 349                                  | 256                          |
| 1 - 2 years overdue    | 30 - 60 days overdue | 173                                  | 648                          | 127                                  | 304                          |
| 2 - 5 years overdue    | 60 - 90 days overdue | -                                    | 333                          | -                                    | -                            |
| > 5 years overdue      | > 90 days overdue    | -                                    | 208                          | -                                    | 289                          |
|                        |                      | <u>649</u>                           | <u>2,117</u>                 | <u>476</u>                           | <u>1,704</u>                 |

##### (iii) Movement in Provision for Impairment of Receivables

|  | 2015       | 2014       |
|--|------------|------------|
| Balance at the beginning of the year                   | 163        | 202        |
| + new provisions recognised during the year            | 59         | 48         |
| - amounts already provided for & written off this year | (8)        | (87)       |
| <b>Balance at the end of the year</b>                  | <u>214</u> | <u>163</u> |

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the maturity table below:

| \$ '000                            | Subject to no maturity | payable in:  |            |            |            |            |              | Total Cash Outflows | Actual Carrying Values |
|------------------------------------|------------------------|--------------|------------|------------|------------|------------|--------------|---------------------|------------------------|
|                                    |                        | ≤ 1 Year     | 1-2 Yrs    | 2-3 Yrs    | 3-4 Yrs    | 4-5 Yrs    | > 5 Yrs      |                     |                        |
| <b>2015</b>                        |                        |              |            |            |            |            |              |                     |                        |
| Trade/Other Payables               | 30                     | 2,113        | -          | -          | -          | -          | -            | 2,143               | 2,141                  |
| Loans & Advances                   | -                      | 903          | 770        | 609        | 504        | 377        | 2,218        | 5,381               | 4,841                  |
| <b>Total Financial Liabilities</b> | <b>30</b>              | <b>3,016</b> | <b>770</b> | <b>609</b> | <b>504</b> | <b>377</b> | <b>2,218</b> | <b>7,524</b>        | <b>6,982</b>           |
| <b>2014</b>                        |                        |              |            |            |            |            |              |                     |                        |
| Trade/Other Payables               | 29                     | 1,200        | -          | -          | -          | -          | -            | 1,229               | 1,228                  |
| Loans & Advances                   | -                      | 822          | 759        | 620        | 453        | 342        | 1,828        | 4,824               | 4,379                  |
| <b>Total Financial Liabilities</b> | <b>29</b>              | <b>2,022</b> | <b>759</b> | <b>620</b> | <b>453</b> | <b>342</b> | <b>1,828</b> | <b>6,053</b>        | <b>5,607</b>           |

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

The following interest rates were applicable to Council's Borrowings at balance date:

|  | 2015           |                       | 2014           |                       |
|--|----------------|-----------------------|----------------|-----------------------|
|  | Carrying Value | Average Interest Rate | Carrying Value | Average Interest Rate |
| Trade/Other Payables                   | 2,141          | 0.0%                  | 1,228          | 0.0%                  |
| Loans & Advances - Fixed Interest Rate | 4,841          | 7.1%                  | 4,379          | 7.0%                  |
|  | <u>6,982</u>   |                       | <u>5,607</u>   |                       |

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 14/15 was adopted by the Council on 26 May 2014.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

**Note that for Variations\* of Budget to Actual :**

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

| \$ '000   | 2015<br>Budget | 2015<br>Actual | 2015<br>----- Variance* ----- |       |          |
|---|----------------|----------------|-------------------------------|-------|----------|
| <b>REVENUES</b>   |                |                |                               |       |          |
| <b>Rates &amp; Annual Charges</b>   | <b>3,876</b>   | <b>3,527</b>   | <b>(349)</b>                  | (9%)  | <b>U</b> |
| <b>User Charges &amp; Fees</b>  | <b>5,976</b>   | <b>7,090</b>   | <b>1,114</b>                  | 19%   | <b>F</b> |
| Increase is represented by additional private works carried out and additional RMS charges (works on State Roads not controlled by Council)             |                |                |                               |       |          |
| <b>Interest &amp; Investment Revenue</b>  | <b>315</b>     | <b>400</b>     | <b>85</b>                     | 27%   | <b>F</b> |
| A conservative approach was taken when setting the budget. Council was able to maintain reasonable investments for the period                           |                |                |                               |       |          |
| <b>Other Revenues</b>   | <b>1,714</b>   | <b>2,217</b>   | <b>503</b>                    | 29%   | <b>F</b> |
| Council received insurance recovery money for the Pre-school a total of \$735,032 and Grandstand \$153,940. Both buildings were effected by fire damage |                |                |                               |       |          |
| <b>Operating Grants &amp; Contributions</b>   | <b>6,019</b>   | <b>7,168</b>   | <b>1,149</b>                  | 19%   | <b>F</b> |
| The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted                 |                |                |                               |       |          |
| <b>Capital Grants &amp; Contributions</b>   | <b>10,766</b>  | <b>2,174</b>   | <b>(8,592)</b>                | (80%) | <b>U</b> |
| The actual amount of grants received depends on decisions made by the State and Federal Government after the original budget is adopted                 |                |                |                               |       |          |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 16. Material Budget Variations (continued)

| \$ '000   | 2015<br>Budget | 2015<br>Actual | 2015<br>----- Variance* ----- |               |          |
|---|----------------|----------------|-------------------------------|---------------|----------|
| <b>EXPENSES</b>   |                |                |                               |               |          |
| <b>Employee Benefits &amp; On-Costs</b>   | <b>5,774</b>   | <b>6,837</b>   | <b>(1,063)</b>                | <b>(18%)</b>  | <b>U</b> |
| Vacant positions were not filled for extended periods of time and grant applications that were unsuccessful included a significant wage component   |                |                |                               |               |          |
| <b>Borrowing Costs</b>  | <b>257</b>     | <b>262</b>     | <b>(5)</b>                    | <b>(2%)</b>   | <b>U</b> |
| <b>Materials &amp; Contracts</b>  | <b>9,643</b>   | <b>6,337</b>   | <b>3,306</b>                  | <b>34%</b>    | <b>F</b> |
| A favourable outcome mainly due to savings with improved buying power and also grant applications that were not successful that included a Materials and Contract component                                       |                |                |                               |               |          |
| <b>Depreciation &amp; Amortisation</b>  | <b>4,525</b>   | <b>3,946</b>   | <b>579</b>                    | <b>13%</b>    | <b>F</b> |
| Decrease due to revaluation of Transport, Drainage and other infrastructure, the revaluation reassessed the proportion of useful life remaining which in turn decreased the depreciation expense for those items. |                |                |                               |               |          |
| <b>Other Expenses</b>   | <b>666</b>     | <b>1,513</b>   | <b>(847)</b>                  | <b>(127%)</b> | <b>U</b> |
| Increase in insurance costs   |                |                |                               |               |          |
| <b>Net Losses from Disposal of Assets</b>   | <b>-</b>       | <b>13</b>      | <b>(13)</b>                   | <b>0%</b>     | <b>U</b> |
| Disposal of books not included in the original budget   |                |                |                               |               |          |

**Budget Variations relating to Council's Cash Flow Statement include:**

|   |                 |                |                |                |          |
|---|-----------------|----------------|----------------|----------------|----------|
| <b>Cash Flows from Operating Activities</b>   | <b>12,326</b>   | <b>8,078</b>   | <b>(4,248)</b> | <b>(34.5%)</b> | <b>U</b> |
| Cash flow income is lower than anticipated due to unsuccessful applications for anticipated grant funding |                 |                |                |                |          |
| <b>Cash Flows from Investing Activities</b>   | <b>(14,516)</b> | <b>(9,251)</b> | <b>5,265</b>   | <b>(36.3%)</b> | <b>F</b> |
| Not all infrastructure renewals were carried out due to limited funding availability                      |                 |                |                |                |          |
| <b>Cash Flows from Financing Activities</b>   | <b>760</b>      | <b>462</b>     | <b>(298)</b>   | <b>(39.2%)</b> | <b>U</b> |
| Council did not take up all borrowings after the original budget was adopted                              |                 |                |                |                |          |

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 17. Statement of Developer Contributions

\$ '000

Council currently has no S94 Developer Contribution Plans or S94 Funds on hand from prior years.

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

##### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

##### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the Net Assets or Liabilities reflects Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

Council has provided no other Guarantees other than those listed above.

#### 2. Other Liabilities

##### (i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

##### (ii) Rates and Charges

Council is in dispute in relation to land holdings subject to Aboriginal Land Rights Act 1983 and Aboriginal Land Rights Amendment Regulation 2002.

##### ASSETS NOT RECOGNISED:

##### (i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

#### Note 19. Interests in Other Entities

Council has no interest in any Controlled Entities, Joint Arrangements or Associates.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 20. Equity - Retained Earnings and Revaluation Reserves

| \$ '000  | Notes  | Actual<br>2015 | Actual<br>2014 |
|--|--------|----------------|----------------|
| <b>(a) Retained Earnings</b>   |        |                |                |
| <b>Movements in Retained Earnings were as follows:</b>                     |        |                |                |
| Balance at beginning of Year (from previous years audited accounts)        |        | 116,320        | 117,640        |
| a. Correction of Prior Period Errors                                       | 20 (c) | 537            | 537            |
| b. Net Operating Result for the Year                                       |        | 3,668          | (1,320)        |
| <b>Balance at End of the Reporting Period</b>                              |        | <b>120,525</b> | <b>116,857</b> |
| <b>(b) Reserves</b>  |        |                |                |
| <b>(i) Reserves are represented by:</b>                                    |        |                |                |
| - Infrastructure, Property, Plant & Equipment Revaluation Reserve          |        | 108,031        | 95,838         |
| <b>Total</b>   |        | <b>108,031</b> | <b>95,838</b>  |
| <b>(ii) Reconciliation of movements in Reserves:</b>                       |        |                |                |
| <b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b> |        |                |                |
| - Opening Balance  |        | 95,838         | 95,347         |
| - Revaluations for the year  | 9(a)   | 12,193         | 491            |
| <b>- Balance at End of Year</b>  |        | <b>108,031</b> | <b>95,838</b>  |
| <b>TOTAL VALUE OF RESERVES</b>   |        | <b>108,031</b> | <b>95,838</b>  |

**(iii) Nature & Purpose of Reserves****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.



## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

| \$ '000 | Notes | Actual<br>2015 | Actual<br>2014 |
|---------|-------|----------------|----------------|
|---------|-------|----------------|----------------|

#### (c) Correction of Error/s relating to a Previous Reporting Period

##### Correction of errors disclosed in this year's financial statements:

In the 2013 year, an independent revaluation was done for Buildings and Other Structure assets. This was done on a Consumption Based method, the Council's Asset register uses a Straight Line method. This skewed depreciation for some asset categories.

This was not identified in 2014, but has been identified in 2015 and corrections have been implemented.

In 2015 there has been identified and corrected, previous period errors with incorrect category assignment and correction to life or value.

This reassessment resulted in a material difference as to where some assets actually sat, in respect to their life cycle, relative to what the value of the accumulated depreciation in Council's Financial Reports had previously indicated.

Council recognised this process has affected accumulated depreciation and asset values recorded in previous reporting periods.

As a result, Council adjusted the fair value and accumulated depreciation for the Asset Classes below, as at 30th June 2014 to reflect the correct value of fair value and accumulated depreciation:

|                             |   |      |
|-----------------------------|---|------|
| Buildings - Non Specialised | incr/(decr) to at fair value            | -    |
| Buildings - Non Specialised | (incr)/decr to accumulated depreciation | 34   |
| Buildings - Specialised     | incr/(decr) to at fair value            | 12   |
| Buildings - Specialised     | (incr)/decr to accumulated depreciation | 317  |
| Other Structures            | incr/(decr) to at fair value            | (18) |
| Other Structures            | (incr)/decr to accumulated depreciation | 193  |

Assets across these categories have also been more correctly align with asset type.

This adjustment resulted in net increase in Council's Accumulated Surplus as at 30/6/14.

**In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.**

##### These amounted to the following Equity Adjustments:

|  |            |          |
|--|------------|----------|
| - Adjustments to Opening Equity - 1/7/13<br>(relating to adjustments for the 30/6/13 reporting year end and prior periods) | 539        | -        |
| - Adjustments to Closing Equity - 30/6/14<br>(relating to adjustments for the 30/6/14 year end)                            | (2)        | -        |
| <b>Total Prior Period Adjustments - Prior Period Errors</b>  | <b>537</b> | <b>-</b> |

#### (d) Voluntary Changes in Accounting Policies

Council made no voluntary changes in any accounting policies during the year.

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund

| Income Statement by Fund<br>\$ '000  | Actual<br>2015 | Actual<br>2015 | Actual<br>2015             |
|--|----------------|----------------|----------------------------|
| <b>Continuing Operations</b>   | <b>Water</b>   | <b>Sewer</b>   | <b>General<sup>1</sup></b> |
| <b>Income from Continuing Operations</b>   |                |                |                            |
| Rates & Annual Charges   | 932            | 757            | 1,838                      |
| User Charges & Fees  | 678            | 2              | 6,410                      |
| Interest & Investment Revenue  | 96             | 66             | 238                        |
| Other Revenues   | 328            | -              | 1,889                      |
| Grants & Contributions provided for Operating Purposes   | 6              | 5              | 7,157                      |
| Grants & Contributions provided for Capital Purposes   | 641            | -              | 1,533                      |
| <b>Other Income</b>  |                |                |                            |
| Net Gains from Disposal of Assets  | (2)            | -              | 2                          |
| Share of interests in Joint Ventures & Associates<br>using the Equity Method                               | -              | -              | -                          |
| <b>Total Income from Continuing Operations</b>   | <b>2,679</b>   | <b>830</b>     | <b>19,067</b>              |
| <b>Expenses from Continuing Operations</b>   |                |                |                            |
| Employee Benefits & on-costs   | 441            | 230            | 6,166                      |
| Borrowing Costs  | 36             | 8              | 218                        |
| Materials & Contracts  | 798            | 286            | 5,253                      |
| Depreciation & Amortisation  | 388            | 188            | 3,370                      |
| Other Expenses   | 164            | 35             | 1,314                      |
| Net Losses from the Disposal of Assets   | -              | -              | 13                         |
| <b>Total Expenses from Continuing Operations</b>   | <b>1,827</b>   | <b>747</b>     | <b>16,334</b>              |
| <b>Operating Result from Continuing Operations</b>   | <b>852</b>     | <b>83</b>      | <b>2,733</b>               |
| <b>Discontinued Operations</b>   |                |                |                            |
| Net Profit/(Loss) from Discontinued Operations   | -              | -              | -                          |
| <b>Net Operating Result for the Year</b>   | <b>852</b>     | <b>83</b>      | <b>2,733</b>               |
| <b>Net Operating Result attributable to each Council Fund</b>  | <b>852</b>     | <b>83</b>      | <b>2,733</b>               |
| <b>Net Operating Result attributable to Non-controlling Interests</b>                                      | <b>-</b>       | <b>-</b>       | <b>-</b>                   |
| <b>Net Operating Result for the year before Grants<br/>and Contributions provided for Capital Purposes</b> | <b>211</b>     | <b>83</b>      | <b>1,200</b>               |

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

## Bourke Shire Council

## Notes to the Financial Statements

as at 30 June 2015

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

| Statement of Financial Position by Fund<br>\$ '000 | Actual<br>2015 | Actual<br>2015 | Actual<br>2015             |
|--|----------------|----------------|----------------------------|
| <b>ASSETS</b>                                      | <b>Water</b>   | <b>Sewer</b>   | <b>General<sup>1</sup></b> |
| <b>Current Assets</b>                              |                |                |                            |
| Cash & Cash Equivalents                            | 2,958          | 908            | 1,232                      |
| Investments  | -              | -              | 6,532                      |
| Receivables  | 689            | 177            | 1,605                      |
| Inventories  | -              | -              | 73                         |
| Other  | -              | -              | 31                         |
| Non-current assets classified as 'held for sale'   | -              | -              | -                          |
| <b>Total Current Assets</b>                        | <b>3,647</b>   | <b>1,085</b>   | <b>9,473</b>               |
| <b>Non-Current Assets</b>                          |                |                |                            |
| Investments  | -              | -              | -                          |
| Receivables  | -              | -              | 81                         |
| Inventories  | -              | -              | -                          |
| Infrastructure, Property, Plant & Equipment        | 10,963         | 9,263          | 203,879                    |
| Investments Accounted for using the equity method  | -              | -              | -                          |
| Investment Property                                | -              | -              | -                          |
| Intangible Assets                                  | -              | -              | -                          |
| <b>Total Non-Current Assets</b>                    | <b>10,963</b>  | <b>9,263</b>   | <b>203,960</b>             |
| <b>TOTAL ASSETS</b>                                | <b>14,610</b>  | <b>10,348</b>  | <b>213,433</b>             |
| <b>LIABILITIES</b>                                 |                |                |                            |
| <b>Current Liabilities</b>                         |                |                |                            |
| Payables   | 42             | -              | 2,240                      |
| Borrowings   | 29             | 3              | 871                        |
| Provisions   | -              | -              | 2,631                      |
| <b>Total Current Liabilities</b>                   | <b>71</b>      | <b>3</b>       | <b>5,742</b>               |
| <b>Non-Current Liabilities</b>                     |                |                |                            |
| Payables   | -              | -              | -                          |
| Borrowings   | 478            | 86             | 3,374                      |
| Provisions   | -              | -              | 81                         |
| <b>Total Non-Current Liabilities</b>               | <b>478</b>     | <b>86</b>      | <b>3,455</b>               |
| <b>TOTAL LIABILITIES</b>                           | <b>549</b>     | <b>89</b>      | <b>9,197</b>               |
| <b>Net Assets</b>                                  | <b>14,061</b>  | <b>10,259</b>  | <b>204,236</b>             |
| <b>EQUITY</b>                                      |                |                |                            |
| Retained Earnings                                  | 7,703          | 4,539          | 108,283                    |
| Revaluation Reserves                               | 6,358          | 5,720          | 95,953                     |
| <b>Total Equity</b>                                | <b>14,061</b>  | <b>10,259</b>  | <b>204,236</b>             |

<sup>1</sup> General Fund refers to all Council's activities other than Water & Sewer.

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

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\$ '000

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after the Reporting Date

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Events that occur between the end of the reporting period (ending 30 June 2015) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 23/10/15.

Events that occur after the Reporting Period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2015.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2015 and which are only indicative of conditions that arose after 30 June 2015.

**Council is unaware of any material or significant "non-adjusting events" that should be disclosed.**

#### Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued".

#### Note 25. Intangible Assets

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Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

#### Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property, Plant and Equipment

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

| 2015   | Fair Value Measurement Hierarchy              |  |  | Total          |
|--|---|--|--|----------------|
|  | Level 1<br>Quoted<br>prices in<br>active mkts | Level 2<br>Significant<br>observable<br>inputs | Level 3<br>Significant<br>unobservable<br>inputs |                |
| <b>Recurring Fair Value Measurements</b>                     |   |  |  |                |
| <b>Infrastructure, Property, Plant &amp; Equipment</b>       |   |  |  |                |
| Plant & Equipment  | -   | -  | 3,747  | 3,747          |
| Furniture & Fittings   | -   | -  | 238  | 238            |
| Operational Land   | -   | -  | 1,147  | 1,147          |
| Community Land   | -   | -  | 842  | 842            |
| Buildings Non-Specialised                                    | -   | -  | 2,463  | 2,463          |
| Buildings Specialised  | -   | -  | 21,492   | 21,492         |
| Other Structures   | -   | -  | 2,617  | 2,617          |
| Roads  | -   | -  | 133,811  | 133,811        |
| Bridges  | -   | -  | 17,471   | 17,471         |
| Footpaths  | -   | -  | 2,104  | 2,104          |
| Stormwater Drainage  | -   | -  | 4,179  | 4,179          |
| Levee Banks  | -   | -  | 8,547  | 8,547          |
| Water Supply Network   | -   | -  | 10,007   | 10,007         |
| Sewerage Network   | -   | -  | 7,770  | 7,770          |
| Swimming Pools   | -   | -  | 868  | 868            |
| Open Spaces/Recreational                                     | -   | -  | 3,425  | 3,425          |
| Other Assets   | -   | -  | 96   | 96             |
| <b>Total Infrastructure, Property, Plant &amp; Equipment</b> | <b>-</b>                                      | <b>-</b>                                       | <b>220,824</b>                                   | <b>220,824</b> |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values (continued):

| 2014   | Fair Value Measurement Hierarchy              |  |  | Total          |
|--|---|--|--|----------------|
|  | Level 1<br>Quoted<br>prices in<br>active mkts | Level 2<br>Significant<br>observable<br>inputs | Level 3<br>Significant<br>unobservable<br>inputs |                |
| <b>Recurring Fair Value Measurements</b>                     |   |  |  |                |
| <b>Infrastructure, Property, Plant &amp; Equipment</b>       |   |  |  |                |
| Plant & Equipment  | -   | -  | 3,734  | 3,734          |
| Furniture & Fittings   | -   | -  | 177  | 177            |
| Operational Land   | -   | -  | 1,011  | 1,011          |
| Community Land   | -   | -  | 842  | 842            |
| Buildings Non-Specialised                                    | -   | -  | 2,475  | 2,475          |
| Buildings Specialised  | -   | -  | 21,473   | 21,473         |
| Other Structures   | -   | -  | 2,708  | 2,708          |
| Roads  | -   | -  | 123,528  | 123,528        |
| Bridges  | -   | -  | 14,693   | 14,693         |
| Footpaths  | -   | -  | 2,117  | 2,117          |
| Stormwater Drainage  | -   | -  | 2,899  | 2,899          |
| Levee Banks  | -   | -  | 10,123   | 10,123         |
| Water Supply Network   | -   | -  | 10,190   | 10,190         |
| Sewerage Network   | -   | -  | 7,805  | 7,805          |
| Swimming Pools   | -   | -  | 897  | 897            |
| Open Spaces/Recreational                                     | -   | -  | 3,071  | 3,071          |
| Other Assets   | -   | -  | 91   | 91             |
| <b>Total Infrastructure, Property, Plant &amp; Equipment</b> | <b>-</b>                                      | <b>-</b>                                       | <b>207,834</b>                                   | <b>207,834</b> |

## (2) Transfers between Level 1 &amp; Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

##### **(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values**

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (ie. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

##### **Infrastructure, Property, Plant & Equipment**

###### **Plant & Equipment**

Plant & Equipment are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows:

Graders, trucks, rollers, tractors and motor vehicles

There has been no change to the valuation process during the reporting period.

##### **Operational & Community Land**

Operational & Community Land are based on the Land Value provided by the Valuer-General. Operational land is based on the Valuer-General's land value as these are representative of actual market values in the Bourke LGA or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value having regard to the highest and best use for the Land.

As these rates are not considered to be observable market evidence they have been classified as a Level 3

There has been no change to the valuation process during the reporting period.

##### **Buildings - Non Specialised & Specialised**

Non Specialised & Specialised Buildings were valued by APV as at 30th June 2013, at Fair Value.

This approach estimated the fair value for each building by componentising the building into significant parts.

All buildings were physically inspected and elements such as useful life reassessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2018.

These assets have been classified as Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Other Structures

A portion of this class of assets was valued by APV as at 30th June 2013, at Fair Value.

The remaining portion is valued utilising the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Examples of assets within these classes are as follows:

Waste Depot, Structure other than Buildings and Sale Yards

There has been no change to the valuation process during the reporting period.

##### Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb & guttering. They include sections sealed and unsealed. Road assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.

##### Bridges

Bridge assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

This category consists of all concrete bridges excepting three timber bridges which are to be replaced by end 2017.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market based evidence (Level 2 inputs) other inputs such as, pattern of consumption, traffic load and frequency, residual value, asset condition and useful life will impact significantly on the final determination of the fair value.

These assets have been classified as Level 3 valuation inputs.

##### Footpaths

Footpath assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as at Level 3 valuation inputs.

Footpaths are inspected annually and condition assessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2020.



## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

##### Drainage Infrastructure

Stormwater Drainage assets were valued by EMC-Works as at 30th June 2015, at Current Replacement Cost Assets within this class comprise pit, traps, pipes and channels.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors in determination of fair value.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years. This asset class is scheduled for revaluation in 2020.

##### Water Supply Network

Assets within this class comprise reservoirs, pumping stations, treatment plant and pipelines.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Water assets are independently valued every five years. And are scheduled for revaluation in 2017.

There has been no change to the valuation process during the reporting period.

##### Sewerage Network

Assets within this class comprise pumping stations, treatment plant and pipelines.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Sewerage assets are independently valued every five years and are scheduled for revaluation in 2017.

There has been no change to the valuation process during the reporting period.

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 27. Fair Value Measurement (continued)

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\$ '000

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##### **(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)**

###### **Swimming Pools**

Assets within this class comprise Council's outdoor swimming pool.

The Cost Approach was utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

Valuations for this asset class were undertaken in-house based on actual costs and assumptions from the Council's Environmental Services Department.

These assets have been classified as Level 3 valuation inputs.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, required extensive professional judgement and impact significantly on the final determination of fair value.

There has been no change to the valuation process during the reporting period.

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###### **Open Spaces/Recreational Assets**

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

These assets have been classified as Level 3 valuation inputs.

All assets were valued in-house by experienced Department staff.

There has been no change to the valuation process during the reporting period.

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## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

## (4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

|                                  | Plant<br>&<br>Equipment          | Office<br>Equipment      | Operational<br>Land | Community<br>Land | Total         |
|----------------------------------|----------------------------------|--------------------------|---------------------|-------------------|---------------|
| Adoption of AASB 13              | 3,677                            | 217                      | 1,011               | 842               | 5,747         |
| Purchases (GBV)                  | 1,101                            | 9                        | -                   | -                 | 1,110         |
| Disposals (WDV)                  | (265)                            | -                        | -                   | -                 | (265)         |
| Depreciation & Impairment        | (779)                            | (49)                     | -                   | -                 | (828)         |
| <b>Closing Balance - 30/6/14</b> | <b>3,734</b>                     | <b>177</b>               | <b>1,011</b>        | <b>842</b>        | <b>5,764</b>  |
| Purchases (GBV)                  | 1,117                            | 96                       | 108                 | -                 | 1,321         |
| Disposals (WDV)                  | (273)                            | -                        | -                   | -                 | (273)         |
| Depreciation & Impairment        | (831)                            | (35)                     | -                   | -                 | (866)         |
| Transfer from Work in Progress   | -                                | -                        | 28                  | -                 | 28            |
| <b>Closing Balance - 30/6/15</b> | <b>3,747</b>                     | <b>238</b>               | <b>1,147</b>        | <b>842</b>        | <b>5,974</b>  |
|                                  | Buildings<br>Non-<br>Specialised | Buildings<br>Specialised | Other<br>Structures | Swimming<br>Pools | Total         |
| Adoption of AASB 13              | 2,325                            | 22,150                   | 2,820               | 994               | 28,289        |
| Purchases (GBV)                  | 226                              | 150                      | 66                  | -                 | 442           |
| Disposals (WDV)                  | -                                | (96)                     | -                   | -                 | (96)          |
| Depreciation & Impairment        | (76)                             | (730)                    | (178)               | (97)              | (1,081)       |
| <b>Closing Balance - 30/6/14</b> | <b>2,475</b>                     | <b>21,474</b>            | <b>2,708</b>        | <b>897</b>        | <b>27,554</b> |
| Purchases (GBV)                  | -                                | 43                       | 78                  | 8                 | 129           |
| Disposals (WDV)                  | -                                | -                        | (16)                | -                 | (16)          |
| Depreciation & Impairment        | (45)                             | (424)                    | (156)               | (67)              | (692)         |
| Revaluation 2015                 | -                                | 70                       | -                   | -                 | 70            |
| Prior period adjustment          | 34                               | 329                      | 5                   | 30                | 398           |
| <b>Closing Balance - 30/6/15</b> | <b>2,464</b>                     | <b>21,492</b>            | <b>2,619</b>        | <b>868</b>        | <b>27,443</b> |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

\$ '000

**(4). Fair value measurements using significant unobservable inputs (Level 3) (continued)****a. The following tables present the changes in Level 3 Fair Value Asset Classes. (continued)**

|                                  | Roads          | Bridges       | Footpaths    | Recreati-<br>-onal | Total          |
|----------------------------------|----------------|---------------|--------------|--------------------|----------------|
| Adoption of AASB 13              | 123,930        | 14,109        | 1,832        | 3,282              | 143,153        |
| Purchases (GBV)                  | 1,166          | 800           | 355          | 67                 | 2,388          |
| Disposals (WDV)                  | (291)          | (2)           | -            | -                  | (293)          |
| Depreciation & Impairment        | (1,277)        | (214)         | (70)         | (279)              | (1,840)        |
| <b>Closing Balance - 30/6/14</b> | <b>123,528</b> | <b>14,693</b> | <b>2,117</b> | <b>3,070</b>       | <b>143,408</b> |
| Purchases (GBV)                  | 1,716          | 834           | -            | 355                | 2,905          |
| Depreciation & Impairment        | (1,118)        | (247)         | (81)         | (141)              | (1,587)        |
| Revaluation 2015                 | 9,686          | 2,191         | 68           | -                  | 11,945         |
| Prior period adjustment          | -              | -             | -            | 140                | 140            |
| <b>Closing Balance - 30/6/15</b> | <b>133,812</b> | <b>17,471</b> | <b>2,104</b> | <b>3,424</b>       | <b>156,811</b> |

|                                       | Water<br>Supply<br>Network | Sewerage<br>Network | Levee Banks<br>Stormwater<br>Drainage | Other<br>Assets | Total         |
|---------------------------------------|----------------------------|---------------------|---------------------------------------|-----------------|---------------|
| Adoption of AASB 13                   | 10,175                     | 7,762               | 13,230                                | 87              | 31,254        |
| Purchases (GBV)                       | 57                         | -                   | 10                                    | 15              | 82            |
| Disposals (WDV)                       | -                          | -                   | (10)                                  | -               | (10)          |
| Depreciation & Impairment             | (322)                      | (169)               | (209)                                 | (10)            | (710)         |
| FV Gains - Other Comprehensive Income | 278                        | 213                 | -                                     | -               | 491           |
| <b>Closing Balance - 30/6/14</b>      | <b>10,188</b>              | <b>7,806</b>        | <b>13,021</b>                         | <b>92</b>       | <b>31,107</b> |
| Purchases (GBV)                       | -                          | 25                  | -                                     | 15              | 40            |
| Depreciation & Impairment             | (336)                      | (177)               | (276)                                 | (10)            | (799)         |
| FV Gains - Other Comprehensive Income | 153                        | 117                 | -                                     | -               | 270           |
| Revaluation 2015                      | -                          | -                   | (22)                                  | -               | (22)          |
| <b>Closing Balance - 30/6/15</b>      | <b>10,005</b>              | <b>7,771</b>        | <b>12,723</b>                         | <b>97</b>       | <b>30,596</b> |

**b. Information relating to the transfers into and out of the Level 3 Fair Valuation hierarchy (as disclosed in the Table above) includes:**

There were no transfers into nor out of the Level 3 Fair Valuation hierarchy

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

**(4). Fair value measurements using significant unobservable inputs (Level 3)****c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value.**

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 Asset Class fair values.

**I,PP&E**

| <b>Class</b>      | <b>Fair Value</b><br>(30/6/15)<br>\$'000 | <b>Unobservable Inputs</b>   | <b>Range of Inputs</b><br>(incl probable)   | <b>Relationship of unobservable inputs to Fair Value</b>  |
|-------------------|--|--|---|---|
| Plant & Equipment | 3,748                                    | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•1 to 20 years</li> <li>•0% to 50%</li> </ul> | Significant changes in gross replacement value, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Office Equipment  | 238                                      | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•4 to 20 years</li> <li>•Varies</li> </ul>    | Significant changes in gross replacement value, pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Operational Land  | 1,147                                    | <ul style="list-style-type: none"> <li>•Land Value (as per Valuer General value)</li> </ul>  | <ul style="list-style-type: none"> <li>•Varies from asset to asset</li> </ul>   | Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.  |
| Community Land    | 842                                      | <ul style="list-style-type: none"> <li>•Land Value (as per Valuer General value)</li> </ul>  | <ul style="list-style-type: none"> <li>•Varies from asset to asset</li> </ul>   | Significant changes in price, based on unimproved capital value, would result in changes to fair value measurements.  |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

## (4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

## c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

| Class                        | Fair Value<br>(30/6/15)<br>\$'000 | Unobservable Inputs  | Range of Inputs<br>(incl probable)  | Relationship of unobservable inputs to Fair Value   |
|------------------------------|-----------------------------------|--|---|---|
| Buildings<br>Non-Specialised | 2,463                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•15 to 85 years</li> <li>•0% to 70%</li> <li>•Varies</li> </ul>   | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Buildings<br>Specialised     | 21,491                            | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•7 to 100 years</li> <li>•0% to 70%</li> <li>•Varies</li> </ul>   | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Other<br>Structures          | 2,619                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•1 to 100 years</li> <li>•0% to 50%</li> <li>•Varies</li> </ul>   | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Roads                        | 133,811                           | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•10 to 100 years</li> <li>•0% to 100%</li> <li>•Varies</li> </ul> | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

## (4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

## c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

| Class                | Fair Value<br>(30/6/15)<br>\$'000 | Unobservable Inputs  | Range of Inputs<br>(incl probable)  | Relationship of unobservable inputs to Fair Value   |
|----------------------|-----------------------------------|--|---|---|
| Bridges              | 17,471                            | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•100 years</li> <li>•0%</li> <li>•Varies</li> </ul>               | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Footpaths            | 2,105                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•15 to 100 years</li> <li>•0% to 100%</li> <li>•Varies</li> </ul> | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Stormwater Drainage  | 4,179                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•35 to 100 years</li> <li>•0% to 100%</li> <li>•Varies</li> </ul> | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Water Supply Network | 10,007                            | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•7 to 122 years</li> <li>•0% to 32%</li> <li>•Varies</li> </ul>   | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |

## Bourke Shire Council

## Notes to the Financial Statements

for the financial year ended 30 June 2015

## Note 27. Fair Value Measurement (continued)

## (4). Fair value measurements using significant unobservable inputs (Level 3) (continued)

## c. Significant unobservable valuation inputs used (for Level 3 asset classes) and their relationship to fair value (continued).

| Class                      | Fair Value<br>(30/6/15)<br>\$'000 | Unobservable Inputs  | Range of Inputs<br>(incl probable)   | Relationship of unobservable inputs to Fair Value   |
|----------------------------|-----------------------------------|--|--|---|
| Sewerage Network           | 7,770                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•13 to 112 years</li> <li>•0% to 65%</li> <li>•Varies</li> </ul> | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Levee Banks                | 8,547                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•20 to 80 years</li> <li>•0%</li> <li>•Varies</li> </ul>         | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Swimming Pools             | 867                               | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•4 to 75 years</li> <li>•0% to 100%</li> <li>•Varies</li> </ul>  | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |
| Open Spaces / Recreational | 3,424                             | <ul style="list-style-type: none"> <li>•Gross Replacement Cost</li> <li>•Remaining Useful Life</li> <li>•Residual Value</li> <li>•Asset Condition</li> </ul> | <ul style="list-style-type: none"> <li>•Varies significantly from asset to asset</li> <li>•2 to 100 years</li> <li>•0% to 50%</li> <li>•Varies</li> </ul>  | Significant changes in gross replacement value, asset condition pattern of consumption affecting the remaining useful life or residual value would result in significant changes to fair value measurement. |

## (5). Highest and best use

All of Council's non financial assets are considered to being utilised for their highest and best use.



## Bourke Shire Council

### Notes to the Financial Statements

for the financial year ended 30 June 2015

#### Note 28. Financial Review

\$ '000

##### Key Financial Figures of Council over the past 5 years (consolidated)

| <b>Financial Performance Figures</b>                               | <b>2015</b>    | <b>2014</b> | 2013    | 2012    | 2011    |
|--|----------------|-------------|---------|---------|---------|
| <b>Inflows:</b>  |                |             |         |         |         |
| Rates & Annual Charges Revenue                                     | <b>3,527</b>   | 3,439       | 3,348   | 3,205   | 3,062   |
| User Charges Revenue   | <b>7,090</b>   | 6,827       | 6,759   | 6,707   | 5,522   |
| Interest & Investment Revenue (Losses)                             | <b>400</b>     | 435         | 450     | 346     | 270     |
| Grants Income - Operating & Capital                                | <b>7,096</b>   | 4,276       | 5,632   | 8,071   | 6,311   |
| Total Income from Continuing Operations                            | <b>22,576</b>  | 18,246      | 19,200  | 21,085  | 18,180  |
| Sale Proceeds from I,PP&E  | <b>275</b>     | 336         | 395     | 375     | 564     |
| New Loan Borrowings & Advances                                     | <b>1,278</b>   | 965         | 716     | 731     | 750     |
| <b>Outflows:</b>   |                |             |         |         |         |
| Employee Benefits & On-cost Expenses                               | <b>6,837</b>   | 6,411       | 6,870   | 6,145   | 6,269   |
| Borrowing Costs  | <b>262</b>     | 264         | 269     | 247     | 234     |
| Materials & Contracts Expenses                                     | <b>6,337</b>   | 6,566       | 7,291   | 8,243   | 6,227   |
| Total Expenses from Continuing Operations                          | <b>18,908</b>  | 19,566      | 21,820  | 21,327  | 17,630  |
| Total Cash purchases of I,PP&E                                     | <b>7,437</b>   | 4,754       | 3,303   | 3,539   | 4,412   |
| Total Loan Repayments (incl. Finance Leases)                       | <b>816</b>     | 687         | 599     | 696     | 710     |
| Operating Surplus/(Deficit) (excl. Capital Income)                 | <b>1,494</b>   | (2,074)     | (3,599) | (1,889) | (1,046) |
| <b>Financial Position Figures</b>                                  | <b>2015</b>    | <b>2014</b> | 2013    | 2012    | 2011    |
| Current Assets   | <b>14,205</b>  | 12,268      | 12,702  | 10,876  | 7,837   |
| Current Liabilities  | <b>5,816</b>   | 4,723       | 4,869   | 4,892   | 3,917   |
| Net Current Assets   | <b>8,389</b>   | 7,545       | 7,833   | 5,984   | 3,920   |
| Available Working Capital<br>(Unrestricted Net Current Assets)     | <b>6,034</b>   | 4,647       | 5,238   | 3,877   | 2,313   |
| Cash & Investments - Unrestricted                                  | <b>6,533</b>   | 4,695       | 5,602   | 2,420   | 2,409   |
| Cash & Investments - Internal Restrictions                         | <b>1,114</b>   | 773         | 619     | 668     | 616     |
| Cash & Investments - Total   | <b>11,630</b>  | 10,252      | 10,891  | 7,322   | 6,284   |
| Total Borrowings Outstanding<br>(Loans, Advances & Finance Leases) | <b>4,841</b>   | 4,379       | 4,101   | 3,792   | 3,757   |
| Total Value of I,PP&E (excl. Land & Earthworks)                    | <b>302,727</b> | 286,273     | 282,895 | 284,140 | 271,874 |
| Total Accumulated Depreciation                                     | <b>80,610</b>  | 79,418      | 76,238  | 101,223 | 92,195  |
| Indicative Remaining Useful Life (as a % of GBV)                   | 73%            | 72%         | 73%     | 64%     | 66%     |

**Source:** Published audited financial statements of Council (current year & prior year)

## Bourke Shire Council

### Notes to the Financial Statements for the financial year ended 30 June 2015

#### Note 29. Council Information & Contact Details

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**Principal Place of Business:**

29 Mitchell St  
Bourke NSW 2840

**Contact Details****Mailing Address:**

PO Box 21  
Bourke NSW 2840

**Opening Hours:**

|                    |   |
|--------------------|---|
| Shire Office:      | Mon - Fri 8:00am to 4:30pm                          |
| Service NSW Agency | Mon - Thur 8:30am to 4:00pm<br>Fri 8:30am to 3:45pm |

**Telephone:** 02 6830 8000

**Facsimile:** 02 6872 3030

**Internet:** <http://www.bourke.nsw.gov.au>

**Officers****GENERAL MANAGER**

Ross Earl

**RESPONSIBLE ACCOUNTING OFFICER**

Leonie Brown

**PUBLIC OFFICER**

Leonie Borwn

**AUDITORS**

Hill Rogers Spencer Steer  
Level 5  
1 Chifley Square  
Sydney NSW 2000

**Elected Members****MAYOR**

Andrew Lewis

**COUNCILLORS**

Barry Hollman (Deputy Mayor)  
Victor Bartley  
Sally Davis  
Cec Dorrington  
Lachlan Ford  
Robert Stutsel  
Sarah Barton  
Stuart Johnson  
Jack Bennett

**Other Information**

**ABN:** 96 716 194 950

**BOURKE SHIRE COUNCIL**  
**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**INDEPENDENT AUDITORS' REPORT**

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**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying general purpose financial statements of Bourke Shire Council, which comprises the Statement of Financial Position as at 30 June 2015, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

***Responsibility of Council for the Financial Statements***

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

**Assurance Partners**

T. +61 2 9232 5111  
F. +61 2 9233 7950

Level 5, 1 Chifley Square  
Sydney NSW 2000 Australia

GPO Box 7066  
Sydney NSW 2001

[www.hr-ss.com.au](http://www.hr-ss.com.au)  
[info@hr-ss.com.au](mailto:info@hr-ss.com.au)

Practising as Hill Rogers Spencer  
Steer Assurance Partners

ABN 56 435 338 966

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### **Auditor's Opinion**

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
  - (i) have been presented in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
  - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

### **HILL ROGERS SPENCER STEER**



### **GARY MOTTAU**

Partner

Dated at Sydney this 23rd day of October 2015

23 October 2015

The Mayor  
Bourke Shire Council  
PO Box 21  
**BOURKE NSW 2840**

Mayor,

### **Audit Report - Year Ended 30 June 2015**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2015 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

#### **I. RESULTS FOR THE YEAR**

##### **1.1 Operating Result**

The operating result for the year was a surplus of \$3.668 million as compared with a deficit of \$1.32 million in the previous year.

#### **Assurance Partners**

T. +61 2 9232 5111  
F. +61 2 9233 7950

Level 5, 1 Chifley Square  
Sydney NSW 2000 Australia

GPO Box 7066  
Sydney NSW 2001

[www.hr-ss.com.au](http://www.hr-ss.com.au)  
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Steer Assurance Partners

ABN 56 435 338 966

The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

|  | 2015          | % of        | 2014           | % of        | Increase     |
|--|---------------|-------------|----------------|-------------|--------------|
|  | \$'000        | Total       | \$'000         | Total       | (Decrease)   |
|  |               |             |                |             | \$'000       |
| <b>Revenues before capital items</b>                   |               |             |                |             |              |
| Rates & annual charges                                 | 3,527         | 17%         | 3,439          | 20%         | 88           |
| User charges, fees & other revenues                    | 9,307         | 46%         | 7,889          | 45%         | 1,418        |
| Grants & contributions provided for operating purposes | 7,168         | 35%         | 5,729          | 33%         | 1,439        |
| Interest & investment revenue                          | 400           | 2%          | 435            | 2%          | (35)         |
|  | <b>20,402</b> | <b>100%</b> | <b>17,492</b>  | <b>100%</b> | <b>2,910</b> |
| <b>Expenses</b>  |               |             |                |             |              |
| Employee benefits & costs                              | 6,837         | 36%         | 6,411          | 33%         | 426          |
| Materials, contracts & other expenses                  | 7,863         | 42%         | 8,433          | 43%         | (570)        |
| Depreciation, amortisation & impairment                | 3,946         | 21%         | 4,458          | 23%         | (512)        |
| Borrowing costs  | 262           | 1%          | 264            | 1%          | (2)          |
|  | <b>18,908</b> | <b>100%</b> | <b>19,566</b>  | <b>100%</b> | <b>(658)</b> |
| <b>Surplus (Deficit) before capital items</b>          | <b>1,494</b>  |             | <b>(2,074)</b> |             | <b>3,568</b> |
| Grants & contributions provided for capital purposes   | 2,174         |             | 754            |             | 1,420        |
| <b>Net Surplus (Deficit) for the year</b>              | <b>3,668</b>  |             | <b>(1,320)</b> |             | <b>4,988</b> |
| <b>Performance Measures</b>                            |               |             |                |             |              |
|  | <b>2015</b>   |             | <b>2014</b>    |             |              |
| Operating Performance                                  | 7.39%         |             | -9.98%         |             |              |
| Own Source Operating Revenue                           | 58.62%        |             | 64.47%         |             |              |

The above table shows an overall increase of \$4.988 million from the previous year and is mainly attributable to increased recoveries from insurance claims (\$928,000), timing of the payment of the Financial Assistance Grant, which ceased being paid in advance during the prior year (\$2.395 million) and increased capital grants and contributions (\$1.42 million).

**Operating Performance** measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2015, this indicator was 7.39% and exceeded the benchmark of 0%.

**Own Source Operating Revenue** measures the degree of reliance on external funding sources such as grants and contributions. For 2015, this indicator was 58.62% and was below the benchmark of 60%.

## 1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

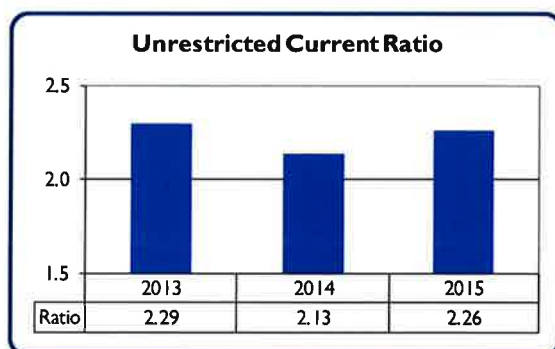
|   | 2015           | 2014           |
|---|----------------|----------------|
| <b>Funds were provided by:-</b>                         | \$000          | \$000          |
| <b>Operating Result (as above)</b>                      | <b>3,668</b>   | <b>(1,320)</b> |
| <b>Add back non funding items:-</b>                     |                |                |
| - Depreciation, amortisation & impairment               | 3,946          | 4,458          |
| - Book value of non-current assets sold                 | 288            | 664            |
|   | <u>7,902</u>   | <u>3,802</u>   |
| New loan borrowings                                     | 1,278          | 965            |
| Transfers from externally restricted assets (net)       | 702            | 0              |
| Net Changes in current/non-current assets & liabilities | 101            | 195            |
|   | <u>9,983</u>   | <u>4,962</u>   |
| <b>Funds were applied to:-</b>                          |                |                |
| Purchase and construction of assets                     | (7,438)        | (4,292)        |
| Principal repaid on loans                               | (816)          | (687)          |
| Transfers to externally restricted assets (net)         | 0              | (416)          |
| Transfers to internal reserves (net)                    | (341)          | (154)          |
| Net Changes in current/non current assets & liabilities | 0              | 0              |
|   | <u>(8,595)</u> | <u>(5,549)</u> |
| <b>Increase/(Decrease) in Available Working Capital</b> | <b>1,388</b>   | <b>(587)</b>   |

## 2. FINANCIAL POSITION

### 2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$5.214 million representing a factor of 2.26 to 1.



## 2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$6.064 million as detailed below;

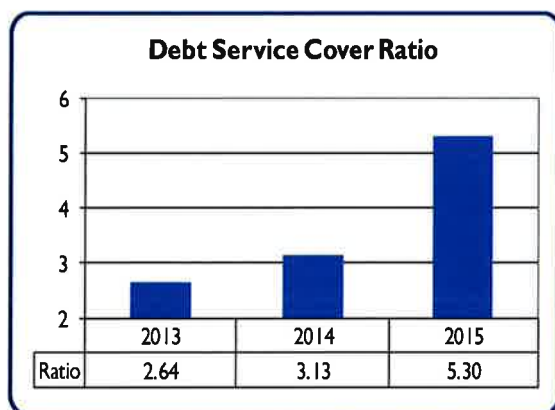
|  | 2015<br>\$'000 | 2014<br>\$'000 | Change<br>\$'000 |
|--|----------------|----------------|------------------|
| <b>Net Current Assets (Working Capital) as per Accounts</b>  | <b>8,389</b>   | <b>7,545</b>   | <b>844</b>       |
| <b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above | <b>1,600</b>   | <b>1,500</b>   | <b>100</b>       |
| <b>Adjusted Net Current Assets</b>   | <b>9,989</b>   | <b>9,045</b>   | <b>944</b>       |
| <b>Add:</b> Budgeted & expected to pay in the next 12 months                                       |                |                |                  |
| - Borrowings   | 903            | 822            | 81               |
| - Employees leave entitlements   | 1,031          | 1,030          | 1                |
| - Deposits & retention moneys  | 30             | 29             | 1                |
| <b>Less:</b> Externally restricted assets  | <b>(4,775)</b> | <b>(5,477)</b> | <b>702</b>       |
| <b>Less:</b> Internally restricted assets  | <b>(1,114)</b> | <b>(773)</b>   | <b>(341)</b>     |
| <b>Available Working Capital as at 30 June</b>   | <b>6,064</b>   | <b>4,676</b>   | <b>1,388</b>     |

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was sound.

## 2.3 Debt

After repaying principal and interest of \$1.078 million and taking up new borrowings of \$1.278 million, total debt as at 30 June 2015 stood at \$4.841 million (2014 - \$4.379 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2015, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 5.30 to 1.





## 2.4 Summary

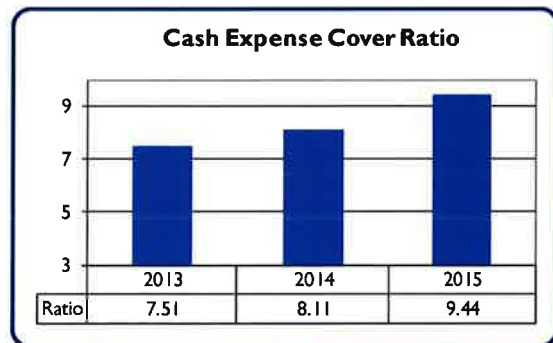
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

## 3. CASH ASSETS

### 3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

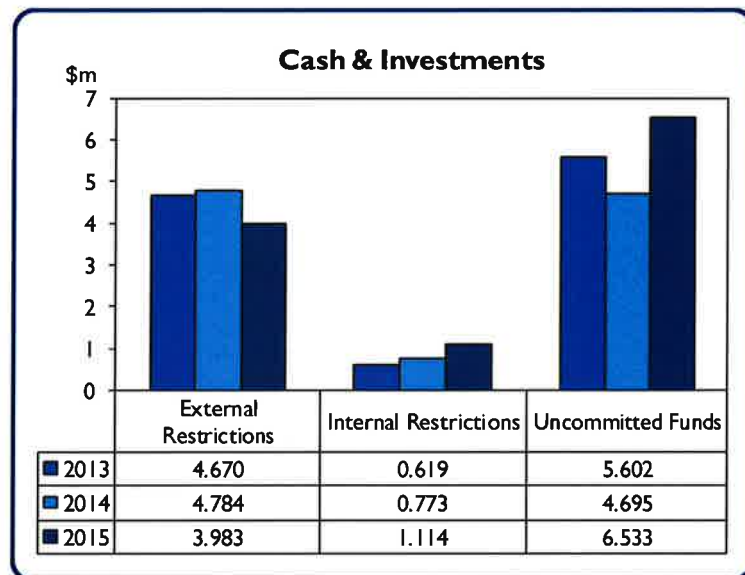
For 2015, this ratio stood at 9.44 months compared to the benchmark of 3.



### 3.2 Cash & Investment Securities

Cash and investments amounted \$11.630 million at 30 June 2015 as compared with \$10.252 million in 2014 and \$10.891 million in 2013.

The chart alongside summarises the purposes for which cash and investments securities were held.



**Externally restricted cash and investments** are restricted in their use by externally imposed requirements and consisted of unexpended grants and contributions (\$191,000) and water and sewerage funds (\$3.792 million).

Hill Rogers  
Spencer Steer

**Internally restricted cash and investments** have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's "**Reserves**". These Reserves totalled \$1.114 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

**Unrestricted cash and investments** amounted to \$6.533 million, which is available to provide liquidity for day to day operations.

### 3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash decreased by \$711,000 to \$5.098 million at the close of the year.

In addition to operating activities which contributed net cash of \$8.078 million were the proceeds from the sale of investment securities (\$5.641 million), proceeds from new borrowings (\$1.278 million), and the sale of assets (\$275,000). Cash outflows other than operating activities were used to purchase investment securities (\$7.730 million), repay loans (\$816,000) and to purchase and construct assets (\$7.437 million).

## 4. RECEIVABLES

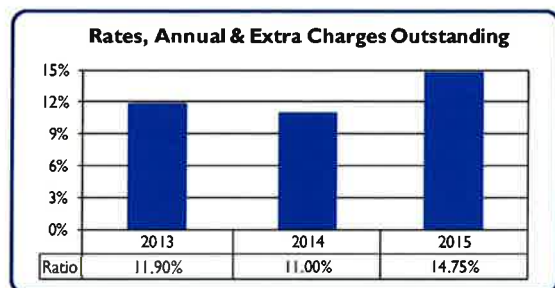
### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$3.527 million and represented 16% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$3.901 million of which \$3.392 million (87%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$597,000 at the end of the year and represented 14.75% of those receivables.



### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$1.994 million and consisted mainly of user charges and fees (\$1.445 million) and debts owed by government departments (\$497,000). Those considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$39,000.

## 5. PAYABLES

### 5.1 Employees Leave Entitlements

Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$2.712 million. Internally restricted cash and investments of \$594,000 was held representing 22% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

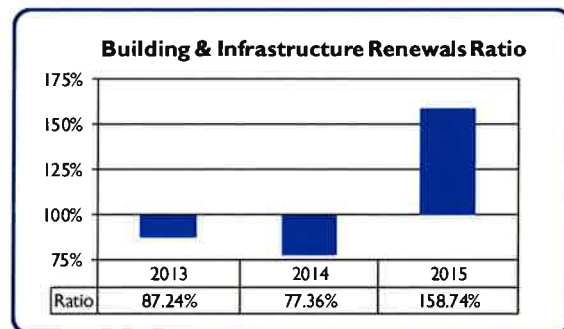
### 5.2 Deposits, Retentions & Bonds

Deposits, retentions and bonds held at year end amounted to \$30,000 and were fully funded by internally restricted cash and investments.

## 6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building, Infrastructure and Other Structures Renewals ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2015 represented 159% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, infrastructure assets were revalued. This resulted in a net increase of \$12.193 million that was credited directly to Equity. Notes 1(j) and 9 of the financial statements provide further details.

## 8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 15 July 2015. This included our suggestions on possible ways to strengthen and/or improve procedures and management's comments and proposed actions.

Hill Rogers  
Spencer Steer

**9. CONCLUSION**

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,

**HILL ROGERS SPENCER STEER**



**GARY MOTTAU**  
Partner